

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1488626-000

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FEDERAL BUREAU OF INVESTIGATION**Electronic Communication**

Title: (U) Opening communication.

Date: 04/09/2014

CC: [REDACTED]

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From: LAS VEGAS

LV-5

Contact: [REDACTED]

Approved By: A/SSA [REDACTED]

Drafted By: [REDACTED]

Case ID #: 9A-LV-4729965

(U) UNSUB;

Adelson, Sheldon Gary (victim);

Extortion - Overt Threats

Synopsis: (U) Opening communication.

Full Investigation Initiated: 04/09/2014

Enclosure(s): Enclosed are the following items:

1. (U) 20140408 email to FBI

Details:

On 4/1/2014, Sheldon G. Adelson received a death threat via corpcomms@sands.com which was forwarded to the FBI on 4/8/2014. The following is the content of the threat:

"Subject: scum needs to die

The following comment was submitted via the Las Vegas Sands Corp. website by Woop Woop [killsheldon@deadman.com].

Sheldon Adelson needs to die we suggest he end his own life soon by the end of April 2014, or we will come get me in may 2014 and not only kill him but [REDACTED]

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Title: (U) Opening communication.

Re: 9A-LV-4729965, 04/09/2014

[redacted] then beat his fucking skull in with baseball bats and leave him for dead, we are serious he is a dead dead man and anyone who protects him will die also

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Phone: [redacted]

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Sands internal investigators reviewed the Header and Sent information (attached in 1A section) and learned that newsdesk@broadcast.shareholder.com was the originating e-mail address and the e-mail appears to be generated by a web form that can be filled out by a user on a server owned by shareholder.com. This shareholder.com appears to be a central location for all publicly traded companies, providing access to their filings and other information. Shareholder.com itself appears to re-direct to nasdaqomx.com.

On 4/8/2014, the writer conducted a CPClear search for [redacted]. The last known listing was for a [redacted] at [redacted]. [redacted] Other database searches indicated this may not be a legitimate address. The writer attempted to call [redacted] however an automated Verizon voicemail advised the call cannot be completed. Logical data base searches were conducted for killsheldon@deadman.com with negative results.

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On 4/8/2014, the writer contacted [redacted] General Counsel attorney for NasdaqOMX, telephone: [redacted]. [redacted] advised that NasdaqOMX is a website that runs the e-mail portion for NASDAQ listed companies web sites, i.e. What do you think of our business, company, etc. [redacted] was familiar with the threat that was posted on the Sands website itself. [redacted] is currently in the process of pulling the web logs to see if they can identify an originating user/location.

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On 4/8/2014, the writer contacted AUSA [redacted] who advised that the USAO would assist if necessary.

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On 4/8/2014, the writer contacted Senior Vice President & Chief Security Officer of Las Vegas Sands Corp. [redacted] telephone: [redacted]

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Title: (U) Opening communication.

Re: 9A-LV-4729965, 04/09/2014

[redacted] (direct) and [redacted] (cell), e-mail:
[redacted] advised that they do not have anyone on
the radar and there is no specific person that Mr. Adelson is having
problems with currently. Mr. Adelson gets threats frequently because
of his status and Sands monitors and deals with the threats internally.
[redacted] forwarded this threat because of the vile description in the
threat. Mr. Adelson has an extensive corporate security team with him
24/7 and the team has been advised of the recent threat. [redacted] will
keep the writer advised of any new developments.

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It is requested that the captioned matter be opened and assigned to
the writer.

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From: [redacted]
Sent: Tuesday, April 08, 2014 4:46 PM
To: [redacted]
Subject: FW: Threat

From: [redacted]
To: [redacted]
Sent: Tue Apr 08 14:13:48 2014
Subject: Threat

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[redacted]

I hope all is well with you. We observe a fair amount of negative comments on social media directed at our Chairman, Sheldon Adelson, and also receive negative comments from people. The below threat crossed the line but I don't know if it is anything that the FBI would be interested in looking into:

Subject: scum needs to die

The following comment was submitted via the Las Vegas Sands Corp. website by Woop Woop [killsheldon@deadman.com].

Sheldon Adelson needs to die we suggest he end his own life soon by the end of April 2014 or we will come get me in may 2014 and not only kill him but [redacted]

[redacted] then beat his fucking skull in with baseball bats and leave him for dead, we are serious he is a dead dead man and anyone who protects him will die also

Phone: [redacted]

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Our internal folks reviewed the Header and Sent information and learned that newsdesk@broadcast.shareholder.com was the originating email address and the email appears to be generated by a web form that can be filled out by a user on a server owned by shareholder.com. This shareholder.com appears to be a central location for all publicly traded companies, providing access to their filings and other information. Shareholder.com itself appears to re-direct to nasdaqomx.com.

We called the Legal Department of nasdaqomx.com and spoke to [redacted] and provided the header information (below). [redacted] indicated this was an ongoing investigation and would provide no further information.

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No worries if this doesn't make the cut for investigation but the Header information is below if it does.

Thanks,

[redacted]

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[redacted]

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FEDERAL BUREAU OF INVESTIGATION**Import Form**

Form Type: EMAIL

Date: 04/18/2014

Title: (U) NASDAQ OMX email identifying IP address.

Approved By: SSA [REDACTED]

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Drafted By: [REDACTED]

Case ID #: 9A-LV-4729965

(U) UNSUB;

Adelson, Sheldon Gary (victim);

Extortion - Overt Threats

Synopsis: (U) On 4/14/2014, the writer received an email from [REDACTED]
[REDACTED] Director of Security Operations, NASDAQ OMX, telephone:
[REDACTED] (cell) and [REDACTED] (office). NASDAQ OMX determined
the threat that was posted originated from the IP address
[REDACTED] which is registered to the company CoolHousing, which is
based in the Czech Republic.

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From: [REDACTED]
Sent: Monday, April 14, 2014 1:00 PM
To: [REDACTED]
Subject: FW: Update on Sands Email Issues

From: [REDACTED]
Sent: Friday, April 11, 2014 12:34 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Update on Sands Email Issues

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[REDACTED]

We did not get weblogs but was able to get the same information from our Netwitness platform.
I called [REDACTED] (sorry if I misspelled) /FBI and left a voicemail that I will send this information to you so you can forward to him.

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The form located at <http://investor.lasvegassands.com/contactus.cfm> was used to send the email, and is hosted by NASDAQ OMX as part of our Investor Relations offering.
Records show that on 4/1/2014 at 1:27:23 PM EST the IP **89.187.142.72** posted a message to the **contactus.cfm** form. This time is consistent with the timestamps found in the supplied email header.

The IP 89.187.142.72 is registered to the company CoolHousing, which is based in the Czech Republic. According to their website, www.coolhousing.net, CoolHousing is a server and cloud provider offering virtual hosting, windows hosting, colocation and dedicated servers. Based on other traffic seen on the NASDAQ OMX network, and traces of this IP on various internet forums, I believe this IP is functioning as a proxy.

In the case of this email posting the user agent string of the sender's browser was **mozilla/5.0 (x11; linux i686; rv:24.0) gecko/20100101 firefox/24.0**.

More details of 89.187.142.72:

Origin AS Data

RIR Data

ASN	35592	Reverse	89.187.142.72.coolh
Name	COOLHOUSING-AS	Reverse-verified	No
Description	COOLHOUSING Autonomous System,CZ	Country Code	CZ
# Peers	3	Country	Czech Republic
# IPv4 Origin Ranges	3	Region	Europe
# IPv6 Origin Ranges	1	Population	10264212
Registrar	RIPE-NCC	Top-level Domain	CZ
Allocation date	Sep 13, 2005	IPv4 Ranges	928
Country Code	CZ	IPv6 Ranges	269
		Currency	Czech Koruna
		Currency Code	CZK
		IP Range - Start	89.187.128.0
		IP Range - End	89.187.159.255
		Registrar	RIPE-NCC
		Allocation date	Apr 28, 2006

[REDACTED]
Director of Security Operations

NASDAQ OMX

Direct: [REDACTED]

Mobile: [REDACTED]

1 Liberty Plaza, 165 Broadway

New York, NY 10006 USA

gsoc@nasdaqomx.com

GSOC 24/7 hotline: 212-231-5750

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From: [REDACTED]

Sent: Friday, April 11, 2014 11:12 AM

To: [REDACTED]

Subject: Update on Sands Email Issues

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[REDACTED] - any update on the above? The FBI is calling me. Call me on my cell when you can [REDACTED]

CONFIDENTIALITY NOTICE: This e-mail and any attachments are for the exclusive and confidential use of the intended recipient and may constitute non-public information. If you received this e-mail in error, disclosing, copying, distributing or taking any action in reliance of this e-mail is strictly prohibited and may be unlawful. Instead, please notify us immediately by return e-mail and promptly delete this message and its attachments from your computer system. We do not waive any work product or other applicable legal privilege(s) by the transmission of this message.

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FEDERAL BUREAU OF INVESTIGATION**Import Form**

Form Type: OTHER

Date: 04/21/2014

Title: (U) "antiarchonist" IOPS report #11

Approved By: SSA [REDACTED]

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Drafted By: [REDACTED]

Case ID #: 9A-LV-4729965

(U) UNSUB;

Adelson, Sheldon Gary (victim);

Extortion - Overt Threats

Synopsis: (U) On 4/18/14, the writer received the captioned report from Las Vegas Sands Corp. Senior VP & Chief Security Officer [REDACTED] telephone: [REDACTED] email: [REDACTED] The report was produced by a Sands Intelligence Analyst. The Analyst determined that a posting on 1/1/12 from the "antiarchonist" had language consistent with the threat received on 4/1/14. At this time, there has been no confirmed link between the threats.

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**18 April 2014:
"antiarchonist"**

"antiarchonist" posted in a forum hosted on davidicke.com at 0606 on 1 January 2012.¹ The full text of his post is shown in Figure 1 and posted below:

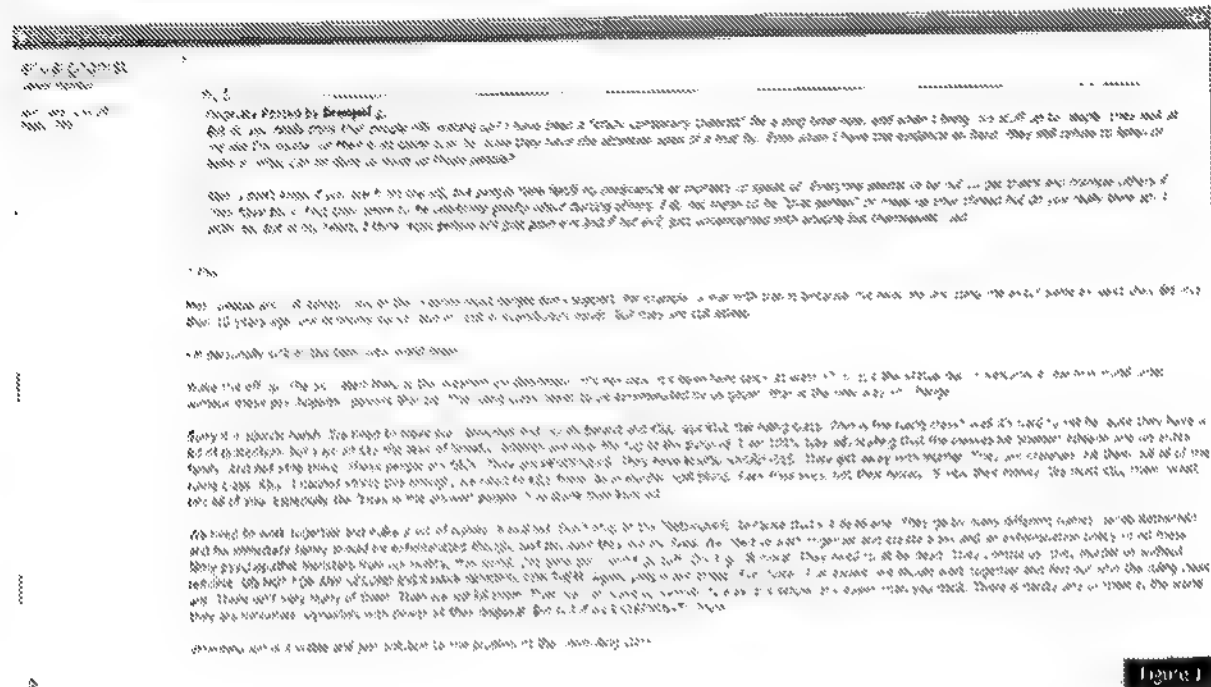


Figure 1

"Most people are still asleep. One of the reasons most people don't support, for example, a war with Iran is because the neocons are using the exact same excuses they did less than 10 years ago, our economy sucks, and it's still in everybody's minds. But they are still asleep.

I'm personally sick of the term 'new world order'

Wake the eff up! The so-called-NWO is the Western Establishment. It's not new, it's been here since at least 1776! It's the status quo! I welcome a real new world order without these psychopathic powers that be. The ruling class needs to be exterminated by us goyim, that is the only way to 'change'

Sorry if it sounds harsh. We need to leave our conscious and morals behind and KILL, yes KILL the ruling class. Who is the ruling class? Well it's hard to tell because they have a lot of protection. But I would say the likes of Sheldon Adelson are near the top of the pyramid. I am 100% fully advocating that the masses kill Sheldon Adelson and his entire family. [emphasis added] And not stop there. These people are SICK. They are PEDOPHILES. They have BLOOD SACRIFICES. They get away with murder. They are criminals. Kill them! Kill all of the ruling class! KILL, I cannot stress this enough, we need to KILL them. As in murder, spill blood. Take their lives, not their money. Screw their money. We must KILL them. WAKE UP! All of you. Especially the "Love is the answer" people. You drank their kool aid.

We need to work together and make a list of names. A real list. [emphasis added] Don't stop at the "Rothschilds" because that's a dead end. They go by many different names. Jacob Rothschild and his immediate

¹ <http://www.davidicke.com/forum/showthread.php?p=1060514701>

family should be exterminated though, just because they are involved. We need to work together and create a list and an extermination policy to rid these filthy psychopathic monsters from our reality, this world, this gene pool. Don't go soft. Don't go all moral. They need to all be dead. They control us, they murder us without remorse. DO NOT FOR ANY SECOND EVER HAVE REMORSE FOR THEM! Again, people are asleep. For those of us awake, we should work together and find out who the ruling class are. There isn't very many of them. Then we will kill them. Then we can wake up everybody else. It's simple! It's easier than you think. There is hardly any of them in the world, they are minorities. Dynasties with power at their disposal. But not if we EXTERMINATE them.

*Extermination is a viable and just solution to the problem of the controlling class."*²

"antiarchonist" joined the davidicke.com forum community in December 2011 and has posted 299 times. These comments show a clear history of anti-Semitism and anti-Zionism. Several posts from this forum are highlighted in the table below.

The website davidicke.com is registered through the Domain Privacy Service FBO Registrant, located in Burlington, MA. David Icke is a former English soccer player that now promotes conspiracy theories.

Other Forums:

We believe "antiarchonist" also has a profile setup through Disqus, a commenting platform that allows a user to setup one profile and comment on multiple forums and news sites, and several other online forums. These forums generally focus on conspiracies. For example, the tag line for davidicke.com is "Exposing the Dreamworld". Below is a table of forums we found with a user named "antiarchonist".

Username	Forum	Site URL
antiarchonist	David Icke	http://www.davidicke.com/forum/showthread.php?p=1060514701
		http://www.davidicke.com/forum/showthread.php?p=1060697975
		http://www.davidicke.com/forum/showthread.php?p=1060574475
		http://www.davidicke.com/forum/showthread.php?p=1060573640
		http://www.davidicke.com/forum/showthread.php?p=1060554340
Anti-Archonist	Disqus	Disqus.com/AnbArchonist
AntiArchonist	Club Conspiracy	www.clubconspiracy.com/forum/member.php?u=7129
Antiarchonist	Sodlike Productions	sodlikeproductions.motion-forum.net/t1828-feel-free-to-follow-my-blogs
Antiarchonist	Mobilio	Mobilio.biz/thread/historical_king_arthur_coverup_bjtry.html

If requested, we can do a deeper dive on this individual. There are a few avenues that we will continue to explore and any updates will be detailed in next week's bi-weekly report. Though he or she appears to have taken steps to protect their true name, we will continue to research the individual's identity and influence.

² <http://www.davidicke.com/forum/showthread.php?p=1060514701>

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FEDERAL BUREAU OF INVESTIGATION**Electronic Communication**

Title: (U) Closing communication.

Date: 05/28/2014

From: LAS VEGAS

LV-5

Contact: [REDACTED]

Approved By: SSA [REDACTED]

Drafted By: [REDACTED]

Case ID #: 9A-LV-4729965

(U) UNSUB;

Adelson, Sheldon Gary (victim);

Extortion - Overt Threats

Synopsis: (U) To update case status and close the captioned matter.

Full Investigation Initiated: 04/09/2014

Details:

On 4/25/14, SA [REDACTED] queried the IP address 89.187.142.72. Last year a threat originating from the same IP address was directed to the Koch Brothers (9A-KC-3112208).

On 5/12/14, the writer contacted Senior Vice President & Chief of Security Officer [REDACTED] at [REDACTED] advised that there were no additional threats or information regarding the threat to Sheldon Adelson on 4/1/14. The writer advised that other threats to high profile people appear to be originating from the same IP address.

The writer advised that the next step in the process would be to request Legat/MLAT assistance from Czech Republic. [REDACTED] reiterated that the threat was only passed to the FBI for informational purposes, i.e. if other threats are originating from the same subject. [REDACTED] concurred that all logical steps have been taken and that the threat is not credible. [REDACTED] thanked the writer for taking the time to look into the matter.

It is recommended this matter be placed in closed status.

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Title: (U) Closing communication.

Re: 9A LV 4729965, 05/28/2014

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FEDERAL BUREAU OF INVESTIGATION
FOI, PA
DELETED PAGE INFORMATION SHEET
FOI, PA# 1488626-000

Total Deleted Page(s) 212

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 11/30/2010

To: Las Vegas

From: Las Vegas

Squad 13

Contact: SA [redacted]

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Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 205-LV-NEW (Pending)
42684

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Request to open Full Investigation.

Details: On 11/30/2010, the Las Vegas Division received a copy of a memorandum dated 11/19/2010 from the Fraud Section of the Department of Justice (DOJ) addressed to the International Corruption Unit at FBIHQ. This memorandum stated that the Fraud Section has opened an investigation into Las Vegas Sands Corp. and certain of its subsidiaries, officers, employees and agents concerning criminal violations of the Foreign Corrupt Practices Act, and other statutes, in connection with potentially improper payments made to government officials in the People's Republic of China (PRC).

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The DOJ memorandum stated that on or about 10/14/2010, the attorney for [redacted] of Las Vegas Sands Corp.'s operations in Macau, contacted the Fraud Section to report that Sands China Ltd., a majority-owned subsidiary of Las Vegas Sands Corp., a U.S. issuer, may have made improper payments to a foreign government official. [redacted] attorney subsequently provided the Fraud Section with various emails to support [redacted] allegations.

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12/2/2010
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opened as
a PI, converted
to FS 11/30/12

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To: Criminal Investigative From: Las Vegas
Re: 205-LV-NEW, 11/30/2010

According to an email received by [] from Macau attorney [] who was doing legal work for Sands China, a high-ranking PRC official approached [] and offered to help resolve issues related to permits Sands China needed to sell apartments it was building in Macau. In a subsequent email, [] informed [] that he was meeting with "his friends" in Beijing, understood to be PRC officials, and that they requested \$300 million to resolve the issues.

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[] forwarded the emails to the General Counsel and the President and Chief Compliance Officer of Las Vegas Sands Corp., and advised that the company should avoid using []. Around the same time, [] also submitted invoices for legal work related to an initial public offering for Sands China that were three times higher than the agreed upon rates, raising concerns with [] and others at the company.

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Subsequently, Sheldon Adelson, the Chief Executive Officer of Las Vegas Sands Corp., told [] that Sands China should get rid of its regular General Counsel and use [] for all legal matters in Macau. [] refused and that, along with his refusal to comply with other directives by Adelson related to, among other things, employing tactics to exert leverage over PRC officials, lead to [] firing by Adelson.

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[] later learned that [] went straight to Adelson to set up a meeting with the PRC officials, but it is not known if the meeting took place. About a month after [] was fired, Adelson replaced the General Counsel of Sands China with []. On October 20, 2010, [] filed an employment lawsuit against Las Vegas Sands Corp. [] has agreed to be interviewed by the Fraud Section on Tuesday, 12/07/2010 in Washington, D.C.

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In the memorandum, DOJ requested that the FBI assist by opening a full investigation into the matter. Writer and SSA [] also spoke with ICU SSA [] who indicated that the Las Vegas Division would be the OO of such an investigation. Joey Lipton, DOJ Fraud Section Trial Attorney, telephone number [] has been assigned to the case. Lipton has specifically requested that the FBI agents assigned to this matter be present during the interview of [] in Washington, D.C. If proven during the investigation, possible charges include violations of the Foreign Corrupt Practices Act, Title 15 U.S.C. §§ 78dd-1, et seq.

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To: Criminal Investigative From: Las Vegas
Re: 205-LV-NEW, 11/30/2010

Based upon the above information, it is requested that the Las Vegas Division open a full investigation into the matter. The investigative plan for this investigation includes conducting interviews, issuing subpoenas, reviewing documents, and other logical investigation. This case will be worked by writer.

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U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No

Las Vegas, Nevada 89106
November 30, 2010

**LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER**

On November 30, 2010, the Las Vegas Division of the Federal Bureau of Investigation (FBI) opened a full investigation into the Las Vegas Sands Corp, a U.S. issuer based in Las Vegas, and its majority-owned subsidiary, Sands China Ltd. Company executives and agents are alleged to have made bribe payments to public officials in the People's Republic of China (PRC) to benefit the company's casino-related interests in Macau.

The Las Vegas Division, through FBI Headquarters, received a copy of a memorandum dated November 19, 2010, from the Fraud Section of the Department of Justice (DOJ). This memorandum stated that the Fraud Section has opened an investigation into Las Vegas Sands Corp., and certain of its subsidiaries, officers, employees and agents concerning criminal violations of the Foreign Corrupt Practices Act, and other statutes, in connection with potentially improper payments made to government officials in the PRC.

The DOJ memorandum stated that on or about October 14, 2010, an attorney representing [redacted] of Las Vegas Sands Corp.'s operations in Macau, contacted the Fraud Section to report that Sands China Ltd., may have made improper payments to a foreign government official. [redacted] attorney subsequently provided the Fraud Section with various emails to support [redacted] allegations.

According to an email received by [redacted] from Macau attorney [redacted] who was doing legal work for Sands China, a high-ranking PRC official approached [redacted] and offered to help resolve issues related to permits Sands China needed to sell apartments it was building in Macau. In a subsequent email, [redacted] informed [redacted] that he was meeting with "his friends" in Beijing, understood to be PRC officials, and that they requested \$300 million to resolve the issues.

[redacted] forwarded the emails to the General Counsel and the President and Chief Compliance Officer of Las Vegas Sands

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Corp., and advised that the company should avoid using [redacted] Around the same time, [redacted] also submitted invoices for legal work related to an initial public offering for Sands China that were three times higher than the agreed upon rates, raising concerns with [redacted] and others at the company.

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Subsequently, Sheldon Adelson, the Chief Executive Officer of Las Vegas Sands Corp., told [redacted] that Sands China should get rid of its regular General Counsel and use [redacted] for all legal matters in Macau. [redacted] refused and that, along with his refusal to comply with other directives by Adelson related to, among other things, employing tactics to exert leverage over PRC officials, lead to [redacted] firing by Adelson.

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[redacted] later learned that [redacted] went straight to Adelson to set up a meeting with the PRC officials, but it is not known if the meeting took place. About a month after [redacted] was fired, Adelson replaced the General Counsel of Sands China with [redacted] On October 20, 2010, [redacted] filed an employment lawsuit against Las Vegas Sands Corp. [redacted] has agreed to be interviewed by the Fraud Section on December 7, 2010, in Washington, D.C.

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In the memorandum, DOJ requested that the FBI assist by opening a full investigation into the matter. The Las Vegas Division has done such, and has made contact with DOJ Trial Attorney Joey Lipton to coordinate the investigation and the interview of [redacted]

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The investigative plan for this investigation includes conducting interviews, issuing subpoenas, reviewing documents, and other logical investigation. This case will be worked by Las Vegas Division Special Agent [redacted]

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 11/30/2010

To: Criminal Investigative

Attn: SSA [REDACTED]
International Corruption Unit

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From: Las Vegas
Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: To notify FBIHQ that Las Vegas Division is initiating a full investigation on captioned matter.

Enclosure(s): One original and two copies of a Letter Head Memorandum (LHM).

Details: Executives and agents of the Las Vegas Sands Corp., a U.S. issuer based in Las Vegas, and its majority-owned subsidiary, Sands China Ltd., are alleged to have made bribe payments to public officials in the People's Republic of China (PRC) to benefit the company's casino-related interests in Macau.

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On 11/30/2010, the Las Vegas Division received a copy of a memorandum dated 11/19/2010 from the Fraud Section of the Department of Justice (DOJ). This memorandum stated that the Fraud Section has opened an investigation into Las Vegas Sands Corp., and certain of its subsidiaries, officers, employees and agents concerning criminal violations of the Foreign Corrupt Practices Act, and other statutes, in connection with potentially improper payments made to government officials in the PRC.

The DOJ memorandum stated that on or about 10/14/2010, an attorney representing [REDACTED] of Las Vegas Sands Corp.'s operations in Macau, contacted the Fraud Section to report that Sands China

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205-LV-42684-3

UNCLASSIFIED

To: Criminal Investigative From: Las Vegas
Re: 205-LV-42684, 11/30/2010

Ltd., may have made improper payments to a foreign government official. [] attorney subsequently provided the Fraud Section with various emails to support [] allegations.

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According to an email received by [] from Macau attorney [] who was doing legal work for Sands China, a high-ranking PRC official approached [] and offered to help resolve issues related to permits Sands China needed to sell apartments it was building in Macau. In a subsequent email, [] informed [] that he was meeting with "his friends" in Beijing, understood to be PRC officials, and that they requested \$300 million to resolve the issues.

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To: Criminal Investigative From: Las Vegas
Re: 205-LV-42684, 11/30/2010

D.C. If proven during the investigation, possible charges include violations of the Foreign Corrupt Practices Act, Title 15 U.S.C. §§ 78dd-1, et seq.

The investigative plan for this investigation includes conducting interviews, issuing subpoenas, reviewing documents, and other logical investigation. This case will be worked by Squad 13 Special Agent

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UNCLASSIFIED

To: Criminal Investigative From: Las Vegas
Re: 205-LV-42684, 11/30/2010

LEAD(S) :

Set Lead 1: (Info)

CRIMINAL INVESTIGATIVE

AT WASHINGTON, D.C.

Read and clear.

♦♦

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Las Vegas Sun
GAMING :

Las Vegas Sands: A big rise, a big fall

By Liz Benston (contact)

Sunday, Jan. 18, 2009 | 2 a.m.

Las Vegas Sands was once the envy of Wall Street. In fall 2007, with seemingly unlimited growth prospects in Macau, the most lucrative gambling market in the world, the company's share price topped out at nearly \$150.

Founder and Chief Executive Sheldon Adelson's personal fortune rose with the company's. On the strength of his stake in Las Vegas Sands, his net worth reached an estimated \$28 billion, according to Forbes' list of richest Americans in 2007.

Adelson, the combative son of a cabdriver, peaked at No. 3 on that list and had his eye on the top spot, held by Microsoft founder Bill Gates.

But then came the fall, a drop so fast and long that even in this era of suicidal reversals on Wall Street, Sands stands out.

The company's market value plummeted more than 90 percent.

Adelson's net worth shrunk by an estimated \$13 billion.

To fend off Sands' creditors, Adelson and his family injected \$1 billion of their fortune into the company.

Neither Adelson nor any company executive would comment for this story, but a review of the public record and interviews with people familiar with the company's dive provide details showing that a combination of factors were at work: bad luck, bad corporate blood, and hubris.

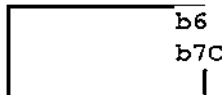
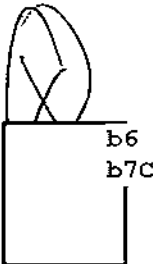
Certainly Adelson and the company were victims of a global financial crisis that many financial wizards failed to see.

But some industry analysts contend Sands executives played a key role in the financial decline, pushing ahead with efforts to dominate the Macau gambling market and stretching the company thin even as indicators showed credit drying up and tourism faltering.

When asked why the company didn't raise needed cash sooner, one Sands executive, speaking two months after September's stock market collapse, admitted to a "monumental screwup."

That admission surfaced in a shareholder lawsuit filed in November alleging the company's troubles weren't solely the result of poor economic conditions or ill-timed business decisions.

"The company's troubles mainly stem from a poorly functioning board of directors that has remained supine in the face of ... Adelson's domination and decision to treat this public company as if it were private — in other words, his own corporate vehicle by which to aggressively develop casinos and



✓ 209-LV-42684-4

resorts all over the world without concern for its effect on the financial solvency" of Sands, the lawsuit stated.

Years from now, what happened to Sands could be the stuff of business school case studies. Here is a first draft.

BIG RISKS, BIG REWARDS

The casino business is all about risk. Casinos are highly leveraged businesses costing hundreds of millions, even billions, of dollars. Their gambling pits use mathematical formulas that pinpoint risk down to a fraction of a percentage point.

Experienced Las Vegas operators have historically been richly rewarded for taking big risks. But even by gaming industry standards, Adelson's resume offers something of a graduate-level course in the potential pitfalls and rewards of risk-taking.

When he created Comdex in 1979, a computer trade show that would eventually draw more than 100,000 people and make Adelson very rich, he said he chose Las Vegas as its home on a hunch that business people would like the spectacle.

"There's a saying that goes around — Wayne Newton fills the showrooms, Frank Sinatra fills the hotels and Comdex fills the city," Adelson told the Sun in 1995. "We're kind of proud of that."

When he constructed the \$105 million Sands Expo & Convention Center in 1990 — the largest privately owned building of its kind in the country when it opened — critics viewed it as a foolhardy expenditure for a gambling town that had a publicly funded convention center.

With the \$1.5 billion Venetian, which opened in 1999 next door to the Sands convention center, Adelson raised the stakes, betting that his flourishing trade show business could fill an upscale megaresort. He would lure conventiongoers to the Venetian with bigger rooms and more hotel amenities, charging top dollar for rooms midweek.

Competitors scoffed at the strategy, predicting failure based on the assumption that conventiongoers didn't gamble much.

Adding to the risk, the Venetian was financed with junk bonds at interest rates as high as 14 percent, higher than other operators paid at the time.

Analysts, influenced by critics of Adelson's unproven business plan, worried the resort wouldn't make enough money to pay its bills.

But Adelson proved a winner. He eventually refinanced and paid down the expensive loans, making the 4,049-room Venetian, which opened a 1,000-room hotel expansion in 2003, one of the most profitable casinos of all time.

As his businesses expanded, Adelson butted heads with local forces, including the Culinary Union and the Las Vegas Convention and Visitors Authority, fueling lawsuits, pickets and controversial legislative efforts.

His two resorts, the Venetian and Palazzo, are nonunion outposts along a unionized row of casinos facing Las Vegas Boulevard. In his battle with the Culinary, Adelson has admitted that he doesn't like

being told how to do things. He also made enemies in construction circles after protracted litigation with the contractor building the Venetian.

"He doesn't fit in the club and doesn't kiss the rings of certain people," said one gaming executive, referring to longtime gaming executives who form an insular group.

"Anything that rubs us the wrong way or that we don't understand, we criticize," the executive, who requested anonymity, said of that group.

Adelson, whose parents emigrated from Russia to escape persecution, recalls being victimized as a child in his poor Boston neighborhood for being Jewish. He began to claw his way out of poverty with a series of jobs that began with selling newspapers on street corners.

"You have to go into a business and ignore all the taboos and mores by asking, 'why and why not?'" Adelson told the Latin Chamber of Commerce days before the Venetian's debut. "Why do people do things in the business the way they do and why not some other way? Of the 50 businesses I've been in, I never did it the way people were doing it."

By making piles of money on hotel rooms, Adelson helped redefine a business that had focused on gambling revenue at the expense of other amenities. His success at the Venetian was emulated by competitors such as Mandalay Resort Group, now part of MGM Mirage, which opened a 1.8-million-square-foot convention center at Mandalay Bay in 2003.

The convention business, a big part of the Strip's growth spurt since 2001, has helped to prop up room rates in Las Vegas during traditionally slower periods, creating year-round demand.

Success seemed to make Adelson more sure of his strategies. He appeared to revel in proving the doubters wrong and showing up more cautious competitors.

His appetite for confrontation and risk seemed to grow, gaming analysts and investors say, leading to trouble for Las Vegas Sands.

AMBITIONS FOR MACAU

Macau — a semi-autonomous province of China — began welcoming Western casino operators in 2002 in an effort to rise above its roots as a seedy gambling den and broaden the region's appeal to Asian tourists with Las Vegas-style resorts.

Las Vegas Sands was the first Western company to open a casino in Macau, in 2004.

The early bet paid off big. The company recouped its \$240 million Sands Macau construction budget within a year of the opening. The casino, which has more than 600 table games yet fewer than 300 hotel rooms, primarily offered to Chinese gamblers for free, gained a foothold ahead of the resorts that followed.

The Sands Macau was just the beginning of Adelson's ambitions in China.

A year before the casino opened, the company laid out a decade-long building plan for more than 20,000 hotel rooms and millions of square feet of retail and convention space on reclaimed land between two islands.

The first phase of the company's Cotai Strip would include eight resorts at a cost of \$10 billion.

Privately, competitors scoffed at Adelson's idea as the product of an out-of-control ego. But he had proved them wrong before. And Wall Street, eyeing profit growth that was perhaps unprecedented in American business, was dazzled.

Las Vegas Sands initially planned to finance its Cotai Strip resorts with hotel partners. But some hotel companies didn't want to risk capital in a market they were less familiar with and one that was based on gambling revenue, which they wouldn't receive a cut of.

Ultimately, the risk fell to Sands. But that was good news on Wall Street, which was salivating at the prospect of millions of newly prosperous Chinese spending money in Macau.

Before the credit boom, casino operators generally lined up financing before building their properties. Sands took a riskier, more lucrative route by raising money in stages, during the development and construction process. With capital easy to come by, the company could negotiate the lowest rates and expedite construction rather than wait for each property to open and make money first before beginning the next project.

Few on Wall Street questioned this ambitious strategy, which was unprecedented in its scope and speed. The plan was perfect for the times.

"Nobody was really critical at the time because money was loose and cheap," Deutsche Bank stock analyst Bill Lerner said.

Also, Sands had gained an impressive track record in a short time, building resorts with stellar returns at reasonable cost, Lerner said. "When they announced something, investors just assumed that it would be executed flawlessly from a financing and operating perspective," he said.

In September 2007, Sands opened the Venetian Macau, which anchors the entrance to the Cotai Strip. At 10.5 million square feet, the resort is one of the world's largest buildings and about twice the size of the mammoth Venetian in Las Vegas. The resort includes a 1.2-million-square-foot convention center, a 1-million-square-foot mall, a 15,000-seat arena, more than 700 table games — a world record — and more than 3,400 slot machines.

In August 2008, the company opened its second resort on the Cotai Strip — a Four Seasons hotel, accompanied by a luxury mall.

Two months later, the stock market would crash. Financing for new projects would vanish. And Sands would be left without the cash to finish what it had started.

RIFT AMONG THE BRASS

The economic downturn, which has pounded Las Vegas tourism, exacerbated Adelson's financing problems.

The company was using cash generated by its resorts on the Las Vegas Strip to finance growth in Macau. Lower earnings here meant less money to pay bills in Macau.

Sands executives appeared confident that money would be available to finish projects that were stacking up in the pipeline.

But after investment bank Bear Stearns collapsed in March, an early victim of the subprime mortgage crisis, investors soon began asking Sands about plans for raising capital.

The company began construction on a condominium tower between the Venetian and Palazzo during 2007 and, in an August 2008 news release, said: "Addressing would-be skeptics, Adelson said quality and luxury sell in any type of financial environment and, when combined with the premium location of these residences, he believes the company has a surefire winner."

Executives continued to counter reports they were having difficulty raising money to complete the Macau projects, telling media the company would push forward there despite the global credit crisis.

The troubles opened a rift in company management.

Sands Chief Operating Officer Bill Weidner would later call the dispute between executives advocating going full steam ahead and those favoring a more conservative approach in the face of economic troubles a "junkyard dog fight."

In comments to a crowd of investors and analysts at the casino industry's largest trade show in November, Weidner said the bitter disagreement led to a delay in raising money for Macau and other projects.

The failure to line up financing, he said, was a "monumental screwup."

Sands created a special committee, including three board members, to help resolve management disputes and "in response to a loss of confidence by certain senior management members in the management of the company and our governance process."

Finally, in November, the company announced it was pulling the plug on its unfinished Macau projects. The company would end up spending more than \$1 billion to put various projects — including the Strip condos — on hold and to redesign a scaled-down resort under construction in Pennsylvania, industry analysts said.

Gaming insiders say Weidner's public mea culpa wasn't an admission of mistakes so much as an olive branch to concerned shareholders.

Investors had become increasingly anxious as financing needed for the company's Macau plans failed to materialize.

But some gaming insiders say it was a risky, yet reasonable, move for Sands executives to wait for banks to loosen their purse strings.

"If I were in Sheldon's shoes I would have done the same thing," said one gaming executive, who declined to be named. "You really don't know at what point the markets are going to stop vacillating. Sometimes you have to let things run their course."

As the economy continued its decline, the Chinese government — concerned about runaway growth in Macau, money laundering in casinos and the effects of Chinese citizens gambling away their paychecks — initiated a series of visa restrictions aimed at reducing the number of visitors to Macau from mainland China.

Because Macau is the only place in China where casino gambling is legal, and given the propensity of Chinese to gamble, the restrictions were a kind of spigot that could be turned on and off, directly affecting business at Macau casinos such as the Venetian.

Buried deep in the company's contracts with lenders were more immediate troubles: The company wasn't making enough money, relative to its interest expenses, to stay under a maximum leverage ratio. Exceeding this ratio could trigger a default and a Chapter 11 bankruptcy filing by allowing banks to collect on the debt.

Company shares sank to less than \$8 when Las Vegas Sands accountants disclosed the news in November.

Within a week, Adelson had invested another \$525 million into his company on top of a \$475 million cash infusion he made in September.

In a last-ditch effort to raise money, the company also issued 182 million shares of stock, more than doubling the number of outstanding shares but diluting their value. With this capital infusion, the company was able to avoid defaulting on its loans.

Aside from the company's financial woes, the revelation of a management team at odds, for some investors, overshadowed positive steps taken to correct the problems.

"I think it's problematic, especially in times of crisis," said Joe Fath, a portfolio manager for T. Rowe Price Associates. "This environment is bad enough, even without a management team that can't get along. That's a huge headwind, in my opinion."

FUTURE CHALLENGES

Some investors and analysts say Sands, overloaded with debt that will be tough to pay down in a troubled economy, is ultimately to blame for not raising money earlier, when banks were more willing to lend and capital was less expensive.

"A prescient CEO or CFO would have seen this coming," Fath said of the credit crisis. "They knew what their financing needs were and they knew they were building ahead of financing."

Lerner, the Deutsche Bank stock analyst, said the company took a wrong turn by continuing to build after the credit markets faltered.

"After it was apparent that everyone was having trouble raising capital, they continued to tap credit facilities and use liquidity to fund projects that became speculative," he said.

Experts say this criticism is echoed by greedy investors who should have sold their shares when they were overvalued and hype about Macau was at its peak. Some shareholders have been richly rewarded by the company's aggressive strategy, which had maximized shareholder profits until the markets collapsed.

Some experts remain starry-eyed over the prospects of the Cotai Strip despite the company's financial difficulties. Dominating Macau, with its feeder market in mainland China, home to more than 1.3 billion people, will pay off in the long run, they say.

"Recreating the Las Vegas Strip in Asia — it's brilliant," said Dennis Farrell, a bond analyst with Wachovia Capital Markets. "It takes a visionary to do what Sheldon is doing there."

But Farrell acknowledges that "going from what they have today to where they want to be is a big leap" that will also require more infrastructure in Macau, including a larger airport. That will take years, he said.

The company has emerged at the forefront of a longer-term trend as other regions consider allowing casino resorts to drive Las Vegas-style tourism. As the lead architect in Macau, Las Vegas Sands — which beat out American competitors for rights to build one of two casino resorts to open in Singapore in the coming year — is well-positioned to compete for opportunities in places such as Japan and Taiwan, where observers say casinos are simply a matter of time.

Las Vegas Sands' admirers believe the company will emerge from its challenges and the economic downturn with a slower, though surer, gait.

The company appears to be performing respectably in desperate times, including achieving 92 percent capacity at the Venetian and 95 percent at Palazzo, at rates of more than \$200 a night, in the third quarter. The Venetian Macau attracted a record 6.6 million visitors that quarter.

"Their management team is made up of very smart, seasoned gaming professionals," Farrell said. "As long as they are wise about their growth prospects and take a more seasoned approach, I think there will be a lot of longevity with the company."

Fath is more pessimistic, saying the company's errors combined with a worsening economy will make survival difficult.

"I've been talking to CEOs and COOs who've been doing this for 40 years and they've never seen anything like this (economy)," he said.

A reflection of the company's hard-charging chief executive, Sands is a high-risk, high-reward company that has now become an even bigger gamble for investors.

With the company struggling to keep its leverage in check in these tough times, Fath said he is unwilling to join the ranks of speculators who are gambling by investing in its stock.

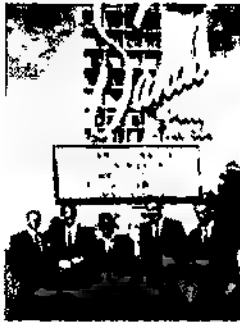
"People are making a bet that (Adelson) will write another check" to shore up the company, Fath said. "That's a tough assumption to make, as an analyst. I'm just not going to make that bet."

A stout man who stands 5 feet, 5 inches tall, Adelson informed investors during a conference call in August that he would do whatever was needed to prop up his company.

"As all of you that know me know, I don't equal the height of Yao Ming or LeBron James or any of the basketball players," he said. "However, one of my closest friends says, 'Sheldon, don't worry about your height. You're the tallest person I know when you stand on your wallet.' And I'm saying right now the company will not have liquidity problems. Need I say more?"

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SANDS IGNORED THE EXPERTS, AND ITS RISK-TAKING PAID OFF THROUGH THE YEARS ...



LAS VEGAS PHOTO

His clerical roots: A postcard shows the Rat Pack (Frank Sinatra, Dean Martin, Sammy Davis Jr., Peter Lawford and Joey Bishop) in front of a Sands mansion bearing their names.



LAS VEGAS PHOTO

Bold move: Critics question the wisdom of building the Sands Expo & Convention Center, the country's largest privately owned building of its kind when it opens in 1990.



LAS VEGAS PHOTO

A land mark fall: The Sands hotel is imploded in May 26, 1998, to make room for the Venetian on the Las Vegas Strip. Las Vegas Sands last year opened Palazzo, next to the Venetian.



LAS VEGAS PHOTO

On the Vegas Strip: Las Vegas Sands actually financed the Venetian, which opened in 1999 with junk bonds paying interest rates as high as 14 percent. Palazzo, a grand last year, next door.



LAS VEGAS PHOTO

First from L.V. in Macau: The Las Vegas Sands opened in 2004, giving the company of the same name a head start against its American competitors for China's thriving gambling business.

... BUT AFTER SANDS' PEAK, A PERIOD OF DECLINING FORTUNES

Against the backdrop of the Las Vegas Sands' adjusted closing prices on the New York Stock Exchange, here are some key events that affected the company — and Sheldon Adelson's — fortunes.

Aug. 26, '97
\$49.45:
The company's \$2.4-billion Venetian Macau, the biggest single dose of Las Vegas-style tourism to have reviews.

Sept. 20, '97
\$51.27:
Sheldon Adelson reaches No. 3 on Forbes list of richest Americans. Gaming stocks hit new highs and Las Vegas Sands breaks \$500 million.

Oct. 2, '97
\$144.34:
Company shares peak at a high of nearly \$149 fueled by bullish prospects for Las Vegas and Macau.

Jan. 22, '98
\$74.46:
The Palazzo opens in Las Vegas.

June 1, '98
\$47.34:
Chinese government continues efforts to restrict travel from the mainland in coming months; the Chinese government announces other restrictions.

July 30, '98
\$47.82:
Earnings rise more than 40 percent from a year ago. Results are below Wall St. set expectations. Executives discuss an effort to raise \$5.2 billion from the Asian bank markets to refinance debt on the Macau project's and land future resorts there.

Aug. 22, '98
\$48.83:
Bank of America stock analyst Stuart Miller down grades Las Vegas Sands to a "sell."

Aug. 28, '98
\$48.83:
Merging the opening of the Venetian Macau, the Four Seasons Macau opens on the same day, one year after the Venetian.

Sept. 10, '98
\$36.84:
Shares slide on news from the Gaming Control Board that \$100 million in gaming revenue fell 15 percent in July.

Sept. 30, '98
\$36.84:
Adelson and his family invest \$40 million in the company to reduce debt and meet lenders' debt-to-earnings requirements.

Oct. 22, '98
\$37.27:
Company officials say they are still seeking to raise \$2 billion to complete projects under way in Macau. Two days later the company announces a "capital raising program" with an underwritten investment bank.

Oct. 29, '98
\$37.27:
A Singapore newspaper reports that the company's independent auditor issues a going concern opinion about the company's ability to continue as a "going concern."

Nov. 6, '98
\$7.85:
Shares fall 33 percent after the company's independent auditor issues a going concern opinion about the company's ability to continue as a "going concern."

Nov. 10, '98
\$6.84:
The company's net loss in the third quarter narrows. The company also announces plans to list its unlisted shares in Macau and its St. Regis London on the SGP and to raise back its Sands Bethlehem resort in Pennsylvania in a listing with the Securities and Exchange Commission. The company's total debt remains among its executives' top concerns.

Nov. 11, '98
\$5.34:
The company's net loss in the third quarter narrows. The company also announces plans to list its unlisted shares in Macau and its St. Regis London on the SGP and to raise back its Sands Bethlehem resort in Pennsylvania in a listing with the Securities and Exchange Commission. The company's total debt remains among its executives' top concerns.

Nov. 12, '98
\$5.34:
The company's net loss in the third quarter narrows. The company also announces plans to list its unlisted shares in Macau and its St. Regis London on the SGP and to raise back its Sands Bethlehem resort in Pennsylvania in a listing with the Securities and Exchange Commission. The company's total debt remains among its executives' top concerns.

Nov. 13, '98
\$5.34:
The company's net loss in the third quarter narrows. The company also announces plans to list its unlisted shares in Macau and its St. Regis London on the SGP and to raise back its Sands Bethlehem resort in Pennsylvania in a listing with the Securities and Exchange Commission. The company's total debt remains among its executives' top concerns.

Nov. 14, '98
\$5.34:
The company's net loss in the third quarter narrows. The company also announces plans to list its unlisted shares in Macau and its St. Regis London on the SGP and to raise back its Sands Bethlehem resort in Pennsylvania in a listing with the Securities and Exchange Commission. The company's total debt remains among its executives' top concerns.

Nov. 15, '98
\$5.34:
The company's net loss in the third quarter narrows. The company also announces plans to list its unlisted shares in Macau and its St. Regis London on the SGP and to raise back its Sands Bethlehem resort in Pennsylvania in a listing with the Securities and Exchange Commission. The company's total debt remains among its executives' top concerns.

Nov. 16, '98
\$5.34:
The company's net loss in the third quarter narrows. The company also announces plans to list its unlisted shares in Macau and its St. Regis London on the SGP and to raise back its Sands Bethlehem resort in Pennsylvania in a listing with the Securities and Exchange Commission. The company's total debt remains among its executives' top concerns.

Nov. 17, '98
\$5.34:
The company's net loss in the third quarter narrows. The company also announces plans to list its unlisted shares in Macau and its St. Regis London on the SGP and to raise back its Sands Bethlehem resort in Pennsylvania in a listing with the Securities and Exchange Commission. The company's total debt remains among its executives' top concerns.

Nov. 18, '98
\$5.34:
The company's net loss in the third quarter narrows. The company also announces plans to list its unlisted shares in Macau and its St. Regis London on the SGP and to raise back its Sands Bethlehem resort in Pennsylvania in a listing with the Securities and Exchange Commission. The company's total debt remains among its executives' top concerns.

Nov. 19, '98
\$5.34:
The company's net loss in the third quarter narrows. The company also announces plans to list its unlisted shares in Macau and its St. Regis London on the SGP and to raise back its Sands Bethlehem resort in Pennsylvania in a listing with the Securities and Exchange Commission. The company's total debt remains among its executives' top concerns.

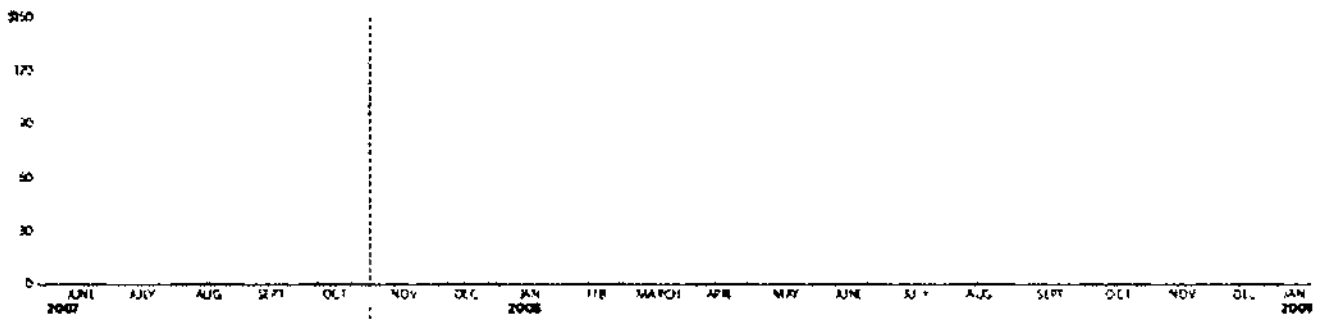
Nov. 20, '98
\$5.34:
The company's net loss in the third quarter narrows. The company also announces plans to list its unlisted shares in Macau and its St. Regis London on the SGP and to raise back its Sands Bethlehem resort in Pennsylvania in a listing with the Securities and Exchange Commission. The company's total debt remains among its executives' top concerns.

Nov. 21, '98
\$5.34:
The company's net loss in the third quarter narrows. The company also announces plans to list its unlisted shares in Macau and its St. Regis London on the SGP and to raise back its Sands Bethlehem resort in Pennsylvania in a listing with the Securities and Exchange Commission. The company's total debt remains among its executives' top concerns.

Nov. 22, '98
\$5.34:
The company's net loss in the third quarter narrows. The company also announces plans to list its unlisted shares in Macau and its St. Regis London on the SGP and to raise back its Sands Bethlehem resort in Pennsylvania in a listing with the Securities and Exchange Commission. The company's total debt remains among its executives' top concerns.

Nov. 23, '98
\$5.34:
The company's net loss in the third quarter narrows. The company also announces plans to list its unlisted shares in Macau and its St. Regis London on the SGP and to raise back its Sands Bethlehem resort in Pennsylvania in a listing with the Securities and Exchange Commission. The company's total debt remains among its executives' top concerns.

Nov. 24, '98
\$5.34:
The company's net loss in the third quarter narrows. The company also announces plans to list its unlisted shares in Macau and its St. Regis London on the SGP and to raise back its Sands Bethlehem resort in Pennsylvania in a listing with the Securities and Exchange Commission. The company's total debt remains among its executives' top concerns.



THE RISE

Boosted by easy credit, the overhauled Las Vegas real estate market peaks with Phil Ruffin's sale of the New Frontier hotel site for \$1.2 billion in May. He bought the hotel for \$265 million.

For more on the rise, see photos.lasvegassun.com/media/img/photos/2009/01/17/page9_t653.jpg

THE DROP

Despite the opening of the Palazzo and other Four Seasons Macau, a series of events — including the burgeoning debt crisis, the ensuing recession and efforts by the Chinese government to control the growth of the casino business in Macau by increasing visa restrictions — depresses the Sands' closing share price. By Nov. 6, 2008, the company closes to a low above a single digit, a precipitous drop from its three-digit value just a year prior.

For more on the drop, see photos.lasvegassun.com/media/img/photos/2009/01/17/page9_t653.jpg

Las Vegas Sun

Las Vegas Sands settlement cancels trial over Macau interests

By **Steve Green** ([contact](#))

Thursday, June 4, 2009 | 11:12 a.m.

A trial in one of the lawsuits over Las Vegas Sands Corp.'s development activities in Macau was canceled after a settlement was reached this week.

Las Vegas Sands spokesman Ron Reese told the Associated Press that the settlement is confidential in the 2006 suit filed by Clive Bassett Jones, Dax Turok and Cliff Cheong.

In the Clark County District Court case, the plaintiffs asserted breach of an agreement for their work for Sands and to receive a success fee of 5 percent of the ownership interest in Sands' Macau gaming subconcession; and made related claims.

Settlement of the case leaves Las Vegas Sands attorneys handling at least two more pending cases over the company's expansion into Macau.

In a 2004 case, Richard Suen and Round Square Company Limited sued the company in Clark County District Court claiming they were due a success fee of \$5 million and 2 percent of the net profit from Sands' Macau resort operations. In 2008, the plaintiffs won a jury verdict and later a judgment of \$58.6 million, but Sands is appealing that case.

"The company believes that it has valid bases in law and fact to overturn or appeal the verdict. As a result, the company believes that the likelihood that the amount of the judgment will be affirmed is not probable, and, accordingly, that the amount of any loss cannot be reasonably estimated at this time," Sands said of the case in a May 11 regulatory filing.

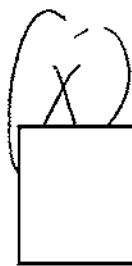
And in 2007, Asian American Entertainment Corp, sued the company in U.S. District Court in Las Vegas alleging breach of an alleged agreement in which AAEC would work to obtain a gaming license in Macau and, if successful, would operate a casino with Las Vegas Sands in Macau.

A federal judge in 2007 dismissed the lawsuit, but the 9th Circuit Court of Appeals has revived part of the suit and has sent the case back to the Las Vegas court for adjudication.

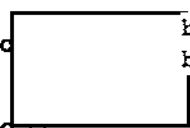
In a ruling in April, the appeals court held that AAEC's breach of fiduciary duty claims are barred by Nevada's three-year statute of limitations for such claims; but kept the case alive by ruling a six-year statute of limitation applies for some of AAEC's breach of contract claims.

"It is difficult to discern any claim during that period from the face of their complaint; however, management believes that the plaintiff's case against the company is without merit. The company intends to defend this matter vigorously," Sands said of the case in the May regulatory filing.

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Las Vegas Sun

Sheldon Adelson says Asia holds Las Vegas Sands' fortunes

By **Liz Benston (contact)**

Friday, Feb. 19, 2010 | 2:01 a.m.

Las Vegas Sands, one of the most storied names in the history of Southern Nevada's gambling industry, has become "an Asian or foreign company doing business in Las Vegas," its CEO Sheldon Adelson said Thursday during a wide-ranging interview on "Face to Face With Jon Ralston."

Adelson, the man who built the Venetian and Palazzo resorts on the Strip, said he is "doubtful" that he will again build in Las Vegas even though it will remain the "mecca" of the industry.

His business in Las Vegas has been suffering, so his focus is on Europe and Asia. His company's casinos in Macau — which make up more than 70 percent of the company's business — are generating record earnings.

Adelson was once the country's third richest man, but dropped to No. 26 on Forbes' 2009 list of the "400 richest Americans," with a net worth of \$3.4 billion.

In a public thrashing that is unusual in the industry, he told Ralston that Las Vegas Sands' former executive team was to blame for the near collapse of his company in 2008. Adelson bailed his company out with \$1 billion of his personal wealth. His company had accumulated billions in crushing debt to build casinos in Macau — including projects that were under way when lending dried up. Adelson was criticized for not raising cash earlier in the development process and for building too much at once, leaving his company especially vulnerable to a downturn.

"I disagree with the financial engineering they did," he said of his former management team. "They kept everything from me. They told people not to talk to me."

"The buck stopped with me. But if you don't get the right information, it's difficult to make common-sense decisions."

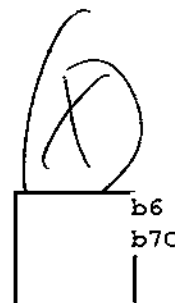
The new management is working as a team "for the first time," he said.

Adelson appeared on Ralston's show the day after Las Vegas Sands reported poor earnings in Las Vegas.

The Palazzo and Venetian on the Strip offer more than 300 meeting rooms as well as trade show space to suit convention groups that prefer big, plush rooms. The convention business has been hurt more than most in the recession as companies cut costs.

But, Adelson said, "the (convention) market is returning."

He said it is doing so despite President Barack Obama's "anti-business" approach and "completely inappropriate" singling out of Las Vegas as a place where money is wasted.



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Adelson has long been a major financial supporter of Republican candidates and causes, and said he is backing Sue Lowden in her effort to unseat Senate Majority Leader Harry Reid.

Adelson said he doesn't expect to be as involved in state political races as he had been, however, because he has "too many fish to fry."

Adelson is known for being openly critical of his competitors, and he told Ralston he doesn't see MGM Mirage's CityCenter as a solution to Las Vegas' problems.

"As an entrepreneur, I would not have built CityCenter," he said. "Why would people want to go to New York in Vegas when they can go to New York?"

Adelson said the Venetian, complete with replicas of the Italian city's major landmarks and gondola-filled waterways, appeals to tourists who can't afford to go see the real thing.

Many people can't afford to go to Venice, but everybody can afford to go to New York, Adelson said.

Nevertheless, Adelson said, there's was "no question" that business in Las Vegas will recover — it's just a question of when.

"The history of business is cycles. It will always come back as surely as night follows day."

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Sands' Launches Sale of Four Seasons Macau

Filed in [Las Vegas Sands \(LVS\)](#) on Mar.06, 2010

Las Vegas Sands ([LVS](#): 50.365 -0.27%) has settled a dispute with the Macau Government to launch the sale of the Four Seasons apartment hotel tower on the Cotai Strip.

In October 2007, the casino operator announced that they would sell serviced apartments at the luxury Venetian Macau resort to be used as "holiday homes".

Meanwhile Lawmaker Au Kam San argued that the "Venetian acquired this piece of land at an almost negligible cost. If it is allowed to go ahead with the sale of serviced apartments, which will definitely command good prices, it would be a flagrant example of profiteering".

Au Kam San expressed concern that other developers would follow suit and trigger a flood of serviced apartments onto the market.

The land lease signed by Sands and the Macau government states that the Cotai Strip site is to be used solely for the development of gaming and hospitality projects, prohibiting the sale of apartments.

However, according to an announcement made by Sheldon Adelson at the Deutsche Bank 2010 Hospitality and Gaming Conference, the Macau government has agreed to let Sands sell the units in a cooperative form of ownership.

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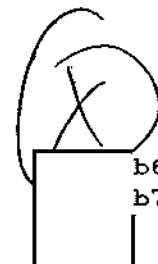
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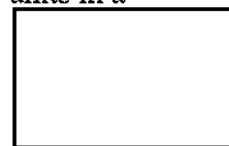
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"We want to sell the apartments just to players who lock in their loyalty to where they own their apartment," Adelson said, "If we proceed in selling co-ops, I believe that the future and the perception of our company will change for the better, dramatically."

Michael Leven chief operating officer said at the Reuters Travel and Leisure Summit that the co-op sales would bring in more than \$1 billion.

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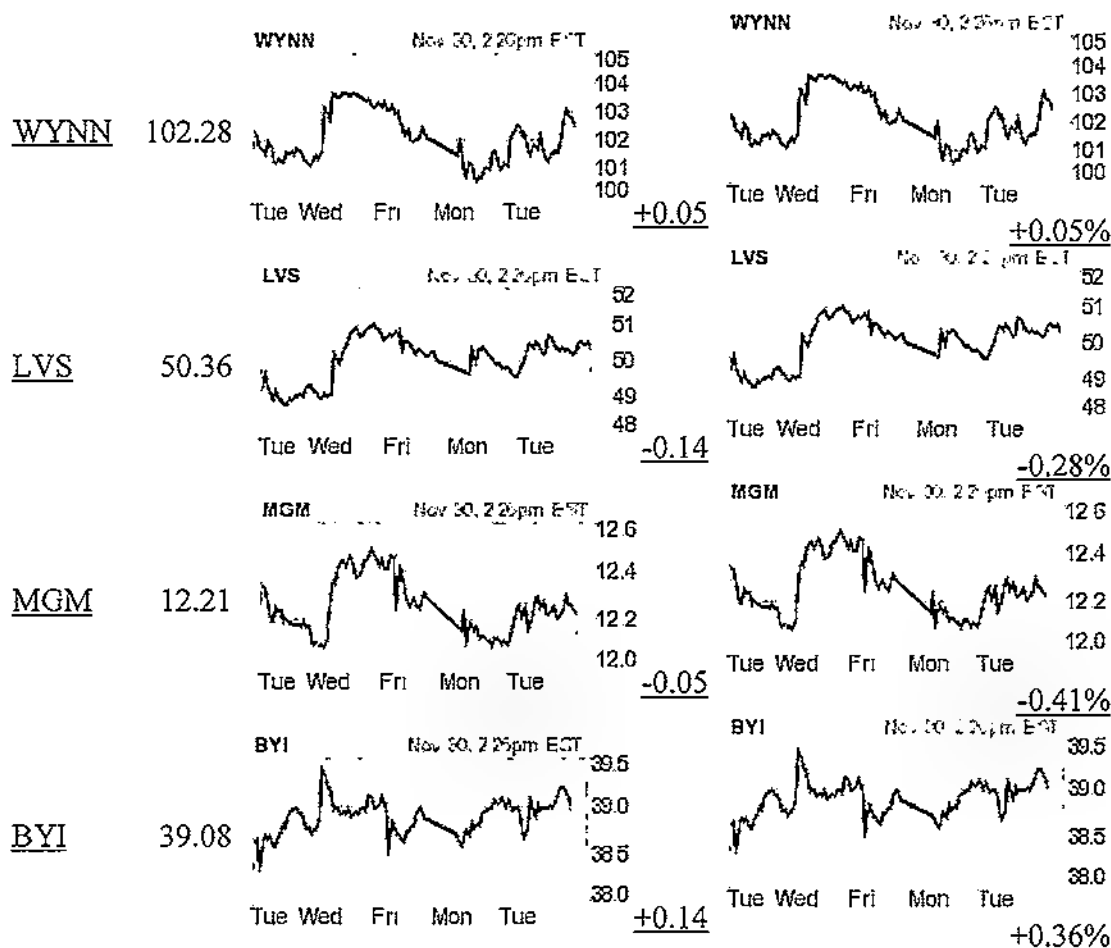
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Special report: High-rollers, triads and a Las Vegas giant

Mon, Mar 29 2010

By Matt Isaacs and Reuters staff

SAN FRANCISCO/MACAU (Reuters) - Late last autumn, a Hong Kong jury convicted four men of a conspiracy to commit bodily harm and a fifth of soliciting a murder.

At first, the men had been ordered to break the arms and legs of a dealer at Sands Macau suspected of helping a patron cheat millions of dollars from the business. Later, a call went out to murder the dealer, court records show. But then one of the gangsters balked and reported the plans to authorities.

The plot's mastermind, according to testimony in previously undisclosed court transcripts obtained by Reuters, was Cheung Chi-tai. At trial a witness identified Cheung as a leader of the Wo Hop To -- one of the organized crime groups in the region known as triads. Another witness, a senior inspector with the Hong Kong police called to testify because he is an expert on the triads, identified Cheung by name as someone who would commit crimes for money. Cheung's organized crime affiliation was corroborated in interviews for this article with law enforcement and security officials intimately familiar with the gaming industry in Macau.

The murder-for-hire case sheds light on the links between China's secretive triad societies and Macau's booming gambling industry. It also raises potentially troubling questions about one of the world's largest gaming companies, Las Vegas Sands, which plans to open a \$5.5 billion Singapore casino resort in late April.

Cheung was not just named as a triad member but also, according to a regular casino patron testifying in the trial, "the person in charge" of one of the VIP rooms at the Sands Macau, the first of three casinos run here by Las Vegas Sands. In addition, Cheung has been a major investor in the Neptune Group, a publicly traded company involved in casino junkets -- the middlemen who bring wealthy clients to Macau's gambling halls. Documents show that his investment allowed him a share in the profits from a VIP gambling room at the casino.

An examination of Hong Kong court records, U.S. depositions from the former president of Sands, and interviews with law enforcement and security officials in both the U.S. and Macau, reveals a connection between Las Vegas Sands and Cheung -- ties that could potentially put Sands in violation of Nevada gaming laws.

The Reuters investigation is a collaboration with the Investigative Reporting Program at University of California, Berkeley.

U.S. casinos operating in Macau are all headquartered in Nevada and must comply with that state's laws which prohibit "unsuitable" associations that "discredit" its gaming industry. Those laws are meant to keep organized crime figures out of the casinos.

Leading up to its public offering in Hong Kong last November, Sands China, a subsidiary of Las Vegas Sands, acknowledged the risks of working with gaming promoters -- another term for junkets. "If we are unable to ensure high standards of probity and integrity of our Gaming Promoters with whom we are associated, our reputation may suffer or we may be subject to sanctions, including the loss of (Sands' Macau gaming license)," the company wrote in a public filing.

Randall Sayre, a member of the Nevada Gaming Control Board that monitors casino compliance, declined to comment specifically on Sands Macau, writing in an email that the state "takes no public position on suitability" without a full investigative work-up.

A gaming official, who insisted upon anonymity, said, "This relationship (with Cheung) would be of concern to Nevada authorities. You're talking about direct ties to bad guys." Another said the agency is monitoring the situation.

Las Vegas Sands issued a statement saying, "to our knowledge Mr. Cheung Chi Tai is not listed as a director or shareholder" with any of the gaming promoters the company uses in Macau, but declined to comment further.



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Sands was the first U.S. operator to cash in on the Chinese passion for gambling when it entered Macau in 2004 after the government opened the casino market to outsiders.

Since reverting to China in 1999, Macau, an hour away from Hong Kong by ferry, has flourished as one of the world's wealthiest cities. The territory's economy has soared in recent years -- much of the wealth generated by the enclave's casinos.

Indeed, the former Portuguese colony has become a playground for China's nouveau riche. And the gleaming neon red lights of the Sands Macau casino are the first sights a visitor takes in as the ferry approaches Macau.

THE JUNKETS

The link between Macau's gambling industry and organized crime may be an open secret, but it has come under increasing scrutiny lately. Within the last two weeks, MGM Mirage said it would give up its holdings in New Jersey in response to pressure from the New Jersey Division of Gaming Enforcement. The state agency had said that Pansy Ho, MGM Mirage's partner in Macau and the daughter of casino tycoon Stanley Ho, was an "unsuitable" associate, an assertion stemming from the agency's belief that her father has links to organized crime.

The involvement of the triads in Macau's casinos is centered on the murky and highly profitable junket business. The VIP sector brought in \$9.9 billion last year, two-thirds of the enclave's total gambling revenues.

Macau has about 187 licensed junket operators, said Manuel Joaquim das Neves, director of Macau's Gaming Inspection and Coordination Bureau.

The junkets are crucial because they ensure the flow of capital by extending credit to gamblers, often millions of dollars on a visit. They assume responsibility for collecting on their loans -- at times indelicately, authorities say.

They also often assume management of the private VIP rooms. And while many law-abiding junkets are active in Macau, experts say the industry is highly susceptible to criminal influence given the extra-legal functions and opaque environments in which they work.

In an interview, Dan Grove, a former agent for the FBI who oversaw security for Sands Macau in the first few years after its opening -- and before the casino became involved in junkets -- characterized pressure from triads to work with the casino as "immense."

When known crime figures applied directly for contracts, blocking them was easy, Grove says. But if legitimate professionals submit applications and then sub-contract the work to the triads, detecting such ties was more difficult if not impossible.

JUMBO BOOM

Cheung Chi-tai's ties to Sands Macau came through such a multi-tiered arrangement. His solely owned company, Jumbo Boom Holdings, provided capital for another firm, now called Neptune Group, to acquire a stake in Hou Wan, a junket operator. Hou Wan was entitled to profits from Sands Macau's Chengdu VIP room.

Cheung owned more than 8 percent of Neptune Group in 2008, according to public filings with the Hong Kong stock exchange. That made him a substantial shareholder when the call for the dealer's murder went out.

When asked about Cheung, Nicholas Niglio, Neptune's chief operating officer, said "I'm not familiar with him at all."

After a reporter showed him Neptune's 2008 annual report listing the firm's substantial shareholders, including Cheung, Niglio declined to respond specifically. Cheung does not appear in Neptune's 2009 annual report.

Niglio said Neptune wasn't a junket itself but invests in VIP junkets that operate at the Sands Macau, the Venetian Macau and Galaxy Entertainment's StarWorld casinos. He said Neptune now had a 20 percent stake in Hou Wan, a junket operator that runs around 20 VIP tables at the Sands Macau.

In Neptune's public filings three years ago, Cheung was described as a "merchant in Hong Kong" whose company "generally does not engage in underwriting business and has no underwriting experience as at the date of this announcement."

While Niglio described Neptune merely as an "investor" in junkets, trial testimony placed Cheung inside the casino's private room.

According to testimony by Siu Yun-ping, aka the "God of Gambling", who won about HK\$100 million (\$12.9 million) between August 2007 and January 2008 at various casinos, Cheung was "the person in charge" of the Chengdu Hall, one of the VIP rooms that Siu frequented.

Las Vegas Sands, however, has said it maintains management of all its VIP rooms, though it acknowledges working with gaming promoters to attract customers.

FRIGHTENED AWAY FROM THE SANDS

A triad member turned informant named Lau Ming-yee testified that he, and the five men who would be convicted of engaging in triad activities, referred to Cheung as "the boss."

Cheung, however, didn't appear in court and was not charged. Hong Kong police declined to answer detailed inquiries on why this was so. In an emailed response, authorities acknowledged only that a 49-year-old man surnamed Cheung was arrested in connection with the case but "released after legal advice was sought due to insufficient evidence."

Attempts to determine Cheung's current whereabouts with the Hong Kong police and U.S. gambling industry sources in Macau were unsuccessful.

The judge in last year's murder-for-hire case, Madame Verina Bokhary, said in passing sentence that, "I bear in mind of course that, behind the scenes, there is a person or are persons even more blameworthy than any of them."

In the summaries of the trial called "particulars of offense" the judge identified Cheung by his Cantonese nickname, "Tsang Pau," or "explosive money maker."

Siu, the 'God of Gambling' suspected of colluding with the dealer at the Sands Macau, testified that he had been attacked, his house had been set aflame and that his son had received threatening phone calls. "As a result of Tsang Pau (Cheung), he (the witness) was frightened away from the Sands Casino," according to the judge's summary.

Macau's regulator Neves acknowledges that the junket business in Macau has links to organized crime, though he says it is less prevalent and more under control than in the past.

"This kind of business certainly involves people related to organized crime," he said. "That's why we established the license for just a year. Every year, they (the junket operators) must renew the license."

Asked specifically about whether Macau will strip the license from a casino operator if the regulators discover that it is hiring a junket operator with links to organized crime, Neves said "It's separate. In principle, it doesn't affect the concessionaires."

Neves said he was informed by police of Cheung's alleged role in the murder-for-hire case. But he described the accusations against Cheung as "rumors" and said without formal charges being brought against him, he would be free to continue to operate in Macau.

"If he (was) condemned by the Hong Kong court ... if he was arrested and condemned ... we wouldn't allow him to run the junket," he said. "In this kind of case we must deal very carefully ... Sometimes if we use this (rumor) to deny the license, he can put us in court."

Unlike Las Vegas, where casinos tend to have direct relationships with their VIP customers, Macau's casinos rely on junket operators to bring them the majority of their high rollers, who might easily lose US\$1 million in an evening.

THE \$64,000 BET

On a late Friday night in February, gamblers were exchanging wads of golden one thousand Hong Kong dollar banknotes (\$130) for expensive chips in the exclusive and restricted VIP gaming rooms of the Sands Macau.

The labyrinth of rooms -- decorated with classical Greek columns, Italian marble and chandeliers -- were largely filled with mainland Chinese clients at high-stakes Baccarat tables.

The atmosphere was smoky, hushed and privileged, as casino employees kept watch. The rooms seemed a world removed from the mass market gaming floors below.

At the 'Luoyang' room, named after a gritty Chinese city, most gamblers were Mandarin-speaking mainland Chinese, who constitute more than half of Macau's VIP gamblers. As two Reuters reporters looked on, a middle-aged woman with diamond bracelets staked a single HK\$500,000 (\$64,440) bet -- and shrugged off the loss.

A supervisor of the VIP floor and several employees said the Chengdu hall - the room that Cheung Chi-tai ran, according to the court testimony -- has been renamed.

Most VIP gambling in Macau is leveraged: gamblers usually bet more than their cash on hand. This is particularly true of mainland Chinese high-rollers who, because of Beijing's strict capital controls, are limited to carrying the equivalent of US\$5,000 in renminbi per trip when they leave China. Macau's six publicly listed casino operators lend to only a small minority of their patrons, according to company filings. That is because collection of gambling debt is illegal in China and Macau forbids casinos from writing off their bad or uncollectible debts.

Concerned that junkets with possible links to organized crime could harm their businesses, some U.S. casino executives were reluctant to enter Macau. Harrah's Entertainment Inc., the world's largest casino operator, decided not to bid for a gaming concession there. Michael Chen, Harrah's president for Asia, said in an interview with Reuters last year that the company worried that its regulators around the world would not permit it to run casinos in Macau.

That issue was front and center in the official report released by New Jersey gaming regulators in mid-March regarding MGM Mirage's partnership with Pansy Ho. Regulators cited the junket influence within her father's VIP rooms as a prime concern. "The VIP rooms in (Stanley Ho's) casinos provided organized crime the entry into the Macau gaming market that it had previously lacked," the report said.

When Sands first won a license in Macau in 2002, it was paired with Hong Kong-based casino operator Galaxy Entertainment Group, but the U.S. company ultimately ended the arrangement. William Weidner, the former president of Sands, in a deposition for an unrelated Nevada court case in 2007, cited Galaxy's intent to run the VIP rooms in the traditional Macau style as one of the reasons for the split.

"These guys want to do VIP rooms the way they ... do them in Macau where the ... triad guys run them because they're the only ones that can grant and collect credit in mainland China, and they smuggle the renminbi across the border," he said. "I can't do that business. That's the way they want to do it, so I can't do it."

Sands' major competitor, Wynn Resorts, said the company would decline its Macau gaming concession if it was barred from extending credit and collecting debts directly in an effort to avoid the junket system, according to company filings.

But the U.S. companies realized soon enough that they could not compete with local casinos without junkets.

China's high rollers tend to prefer the personal, informal relationships of the junkets, experts say, and often demand a level of anonymity incompatible with the credit applications required by the casinos.

LOWER PROFILE

While triads remain active in Hong Kong, the gangs have burrowed deeper into mainland China including cities like Chongqing and retain a strong imprint in Macau. The triads are believed to have originated as a rebel grouping in the early Qing Dynasty formed to help overthrow the Manchu regime.

Ko-lin Chin, a professor at Rutgers University and one of the foremost experts on Asian organized crime, disputes the regulator's contention that the triads are less prevalent in Macau. But he said they do keep a lower profile than before internationally owned casinos entered the market and revenues grew from \$2.26 billion to \$15 billion today.

Even if crime groups are involved in the junket business, he says, with the casinos making so much money, the government reaping huge taxes, and the citizens of Macau enjoying full employment, there is scant political will to remove them.

"No one wants to crash the party," he said. "This is a feel-good story."

(Reporting by Reuters in Macau and Hong Kong and Matt Isaacs in San Francisco and Las Vegas, editing by Lowell Bergman, Jim Impoco and Claudia Parsons)

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Bloomberg Businessweek

Tuesday November 30, 2010

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Sands' Sale of Macau Malls, Apartments May Raise \$12 Billion

April 27, 2010, 12:59 PM EDT

By Liza Lin

April 28 (Bloomberg) -- Las Vegas Sands Corp. Chairman Sheldon Adelson said the planned sale of the casino operator's Macau malls and apartments may raise as much as \$12 billion and recoup their construction costs.

"It will be like \$12 billion if we add up all the apartments and all the retail in Macau," including those in buildings still under construction, Adelson, the founder and chief executive officer of Las Vegas Sands, said in an interview in Singapore yesterday. The Las Vegas-based company may start selling the Macau assets within 2 1/2 years, he said.

Sands, which Adelson describes as "an Asian company with a presence in Las Vegas and the U.S.," gets 73 percent of its revenue from Macau, the world's largest gambling market. He was in Singapore yesterday to open the first phase of Marina Bay Sands, the city-state's second casino, and raised his earnings forecast for the resort, saying the \$5.5 billion invested in it will be recouped in five years.

Sands' casino resort yesterday opened 963 of its 2,560 hotel rooms, the casino, the meeting and convention facilities, parts of its shopping mall and some restaurants. A grand opening party will be held June 23 when the second phase is unveiled, including a sky park, additional shops and more restaurants.

Asia will contribute 85 percent of revenue once the Singapore casino "ramps up," said Adelson. Last year's sales totaled \$4.56 billion, with 27 percent coming from Las Vegas.

Asset Sales

The Macau assets Sands seeks to sell include the Four Seasons apartments and shopping areas in the Venetian Macau casino resort and in the Four Seasons hotel, Adelson said. The plan also includes selling condominiums at the St. Regis, where construction is resuming.

"That is our fundamental business model -- we get our money back from the sale of non-core business assets," he said.

Sands fell \$1.37, or 5.2 percent, to \$24.83 at 12:22 p.m. local time New York Stock Exchange composite trading. The stock had gained 75 percent this year through April 26. Sands China Ltd., the company's Hong Kong-listed unit, rose 1.1 percent to HK\$12.76 in trading yesterday.

Adelson, who is Sands' controlling shareholder, said in December that selling the retail areas at the Four Seasons and the Venetian would raise enough money to pay Sands' debt. The company has \$12.2 billion of bonds and loans due from next year to 2015, according to data compiled by Bloomberg.

The billionaire, who previously said the Singapore project would add more than \$1 billion in annual earnings before interest, tax, depreciation and amortization, didn't provide a new figure apart from saying he was raising his forecast. The return period compares with four years for the Macau project, which cost about half as much to build, Adelson said.

'Grand Slam'

The Marina Bay Sands in Singapore will be a "grand slam home run," Adelson said. "Asian people just love to gamble."

Singapore aims to lure 17 million visitors and triple annual tourism revenue to \$30 billion (\$22 billion) by 2015, helped by two casino resorts, Marina Bay Sands and Genting Bhd.'s Resorts World Sentosa.

The \$4.7 billion development on Singapore's Sentosa Island, which opened its casino Feb. 14, is operated by Genting Singapore Plc, which is controlled by Malaysia's Genting. The Sentosa project also includes a Universal Studios theme park.

The Marina Bay Sands casino, which makes up about 3 percent of the 15,000 square-meter (161,000-square-foot) resort, has about 600 table games and more than 1,500 slot machines.

Black Lotus

The casino's table games include baccarat, with a minimum bet of \$50 and maximum bet of \$50,000. A black Lotus sports car is atop a platform in the middle of a circle of slot machines.

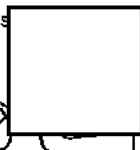
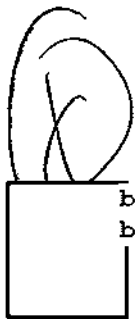
Asia has room for five to 10 cities like Las Vegas, Adelson said. The most likely countries to approve casinos in the region are Japan and Taiwan, he said.

Marina Bay Sands, built beside Singapore's financial district, was scheduled to open at the end of last year. The resort includes three 55-floor hotel towers of rooms and suites topped with the sky park, a structure shaped like a ship.

Singapore announced in April 2005 it would allow casinos, overturning a ban in place since independence in 1965. Marina Bay Sands and Resorts World Sentosa are the only two casino developments that have been awarded licenses.

Genting Singapore rose 1.2 percent to 87 Singapore cents yesterday. The stock has lost 33 percent this year after tripling last year. Genting Bhd. rose 0.5 percent to 6.73 ringgit in Kuala Lumpur.

--With assistance from Beth Jenkins in New York. Editors: Frank Longid, Lars Klemming



Four Seasons apartment sales to get OK

A. Lages

21/06/2010 02:12:00

Sands China, a unit of Las Vegas Sands, may get approval from the Government for sales of apartments in its Four Seasons apartment hotel tower this year, chief executive officer Steve Jacobs said on Saturday.



He said the company has applied for approval for the sales at the Four Seasons-managed "co-op" project. "It's now with the Government," he added.

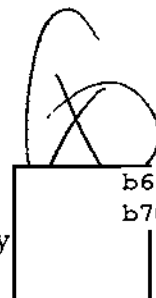
The land lease document signed between the casino operator and the Macau Government clearly states that the Cotai site is to be used solely for the development of gaming and hospitality projects. In other words, strata-title sales of apartments are prohibited under the terms of the land lease. In October 2007, The Venetian Macau announced publicly that the firm had planned to sell serviced apartments at the luxury resort to buyers who would use them as holiday homes.


On Saturday, after the company's annual meeting in Hong Kong, chairman Adelson said he was very happy with the Cotai Strip developments, even though many of the projects have been delayed because of the economic downturn last year.

"I'm very happy with what we have. But since the money supply was turned off because of the tsunami we had to stop it. [...] When we got the land in Cotai, it wasn't land it was water and I frankly thought we were going to be exiled from our competitors. But now it's only 8 minutes drive from the Outer Harbor Ferry Terminal to the beginning of the Cotai Strip," he said.

According to Adelson, The Venetian converted Macau not only into a city of gaming, but also into a city of leisure and business. "That's why we were selected to Singapore, because of that experience," he pointed out.

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Las Vegas Sun

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Las Vegas Sands targets Asia for 90% of revenue as mainlanders return to Macau

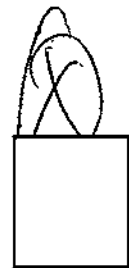
(via Bloomberg) · June 23, 2010 · 8:31 AM

Las Vegas Sands Corp., the casino company of billionaire Sheldon Adelson, expects 90 percent of its revenue to come from Asia by 2020, as its Singapore resort ramps up and more of China's gamblers visit Macau.

"I don't think there was a recession in this part of the world, and therefore that didn't affect gaming very much," Adelson said in an interview while in Singapore for the Marina Bay Sands resort's grand opening. "We hope that 90 percent of our income comes from Asia" within 10 years, he said.

See the full Bloomberg story [here](#).

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Should smoking be allowed in casinos?
No, but there should be a transition period before applying a definitive ban. Only in designated smoking areas.
No
Yes

RESULT

Four Seasons sale not approved yet: Govt

Posted: 8/23/2010 12:01:37 PM

Excellent Rate Rating ☆☆☆☆☆ 0% votes

There is still no government decision on whether Sands China will be allowed to sell units at its Four Seasons apartment-hotel in Cotai. Regarding the hotel Four Seasons, the case will be carried out according to the law and the government's policies, secretary for Transport and Public Works, Lau Si, yesterday told reporters. Lau had previously stressed that the apartment hotel is not a housing complex and is subject to regulations similar to those of hotels. Last weekend, Sands China CEO Steve Jacobs announced that the company may get approval from the government for sales at its Four Seasons apartment-hotel in Cotai this year. The apartments would be put up for sale under a co-op scheme, he explained.



Other Macau Latest News

Gaming revenue on pace for 40 percent plus growth in November, analysts

Through the first 18 days of November, gross gaming revenue in Macau has posted a 40 percent year-over-year growth, analysts estimate. The figure is a strong indicator of the sector's performance in the first half of the year.

Bete eyes Macau partner for Manila Bay project

Bete Odebrecht is in discussions with a Macau-based gaming firm to partner on a project in Manila Bay. The project is expected to be completed by the end of the year.

MGM delegation visits Ho Tram Strip project

MGM Resorts International delegation visited the Ho Tram Strip project in Vietnam. The project is expected to be completed by the end of the year.

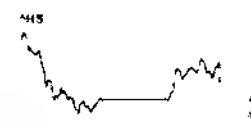
Mesco International gives Lawrence Ho share options due to financial sacrifice

Mesco International has granted share options to Lawrence Ho, CEO of the company, due to his financial sacrifice. The options are expected to be exercised by the end of the year.

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- 2 MGM delegation visits Ho Tram Strip project
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Las Vegas Sun
gaming:

Sands China fires CEO, names interim replacement

By **Steve Green (contact)**

Friday, July 23, 2010 | 8:30 a.m.

Sands China Ltd., the fast-growing Macau subsidiary of Las Vegas Sands Corp., today said CEO Steve Jacobs was fired and removed from the board of directors.

Sands China didn't provide a reason for the departure of Jacobs, but the Wall Street Journal reported Las Vegas Sands CEO Sheldon Adelson has been critical of comments Jacobs made in a news story about the possibility of expanding in Japan.

Michael Leven, president and chief operating officer of Las Vegas Sands Corp., was named acting CEO of the Hong Kong Stock Exchange-listed Sands China.

J.P. Morgan analyst Joseph Greff said in a research note that investors may be worried about continued management strife at Sands China as most felt Jacobs was doing a solid job controlling costs, managing development projects and growing the company's mass market and VIP gambling market shares, TheStreet.Com reported.

Sands China said Leven will work with a special committee of the Sands China board in selecting a permanent chief executive officer. He will divide his time between Las Vegas and Macau while the search is being conducted.

Stephen Weaver, who was previously Sands China's president of Asian development, will also serve as an advisor to Leven during his tenure as acting CEO of Sands China.

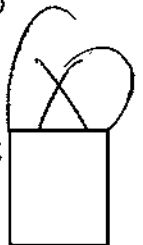
"Adelson said this change to the management team would have no material impact on the company's operations in Macau or its ability to complete the Sheraton/Shangri-La/Traders (parcels five and six) development currently under construction there," the company said in a statement.

Sands China owns the Venetian Macao, the Sands Macao and the Plaza Macao.

Las Vegas Sands' stock was steady on the news today, trading at \$25.16, up 9 cents in early trading on the New York Stock Exchange.

Las Vegas Sands, which also has resorts in Las Vegas and Singapore and a casino in Pennsylvania, reports second quarter financial results Wednesday.

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Las Vegas Sun

Las Vegas Sands disputes businessman's role in landing Macau contract

By **Cy Ryan (contact)**

Thursday, Sept. 2, 2010 | 2:49 p.m.

CARSON CITY — An attorney for Hong Kong businessman Richard Suen says his services to Las Vegas Sands Corp. were worth more than \$48 million in helping to clear the way for the company to build two casinos in the lucrative Macau market.

Suen attorney Todd Bice told the Nevada Supreme Court on Thursday that Sands chairman Sheldon Adelson once offered the businessman \$100 million. The offer, however, was withdrawn because of concerns about regulations from the Nevada Gaming Control Board and the Internal Revenue Service.

But Sands attorney David Frederick, Adelson and former Sands President William Weidner argued Suen "did virtually nothing" to aid the Las Vegas company in getting a gaming permit from the Macau government.

Frederick is asking the state's high court to reverse a Clark County District Court verdict and grant a judgment in favor of Sands, order a new trial or reduce the amount of the award.

A Las Vegas jury spent 29 days in 2008 hearing evidence and decided to award \$43.8 million to Suen. With prejudgment interest, the payment now would be \$58.6 million.

Former justices Bob Rose and Miriam Shearing sat in Thursday for Chief Justice Ron Parraguirre and Justice Kristina Pickering, who had disqualified themselves.

Bice said Sands executives were the ones who sought help from Suen, a 30-year businessman. They said Suen arranged "incredible meetings" with the vice premier of China. From that meeting, Sands was awarded the franchise for two casinos by Macau's Chief Executive Edmund Ho, Bice said.

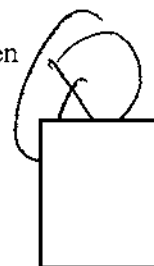
Bice said Suen never met Ho but he contends Suen and his friends helped to advance Sands' proposal.

"(Suen) introduced them to the right people," Bice argued.

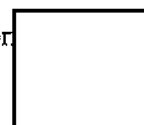
Frederick told the court that China didn't interfere in Macau affairs related to the gaming matter. There was no evidence at trial that the vice premier of China sought to use his influence in behalf of Sands, he said.

Macau is a "special administrative region" of China and the law forbids China from interfering in the Macau government except on issues of foreign affairs and national defense.

Frederick outlined Nevada's law on "unjust enrichment." In this case, he said, there was no for contract between Sands and Suen.



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Bice said, however, there was a "legal relationship" between the two.

Sands, which owns the Sands Expo and Convention Center and the Venetian and Palazzo hotel-casinos in Las Vegas, also owns the Sands Macao and the Venetian Macao.

Frederick told the court that Clark County District Judge Michelle Leavitt, who presided at the 2008 trial, should not have permitted into evidence the offer of \$100 million to Suen.

Asked by the court if he thought Suen was worth \$48 million, Bice replied he is worth more than \$48 million and Sheldon Adelson offered him \$100 million for his help.

The court will rule later.

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Las Vegas Sun

Elsewhere

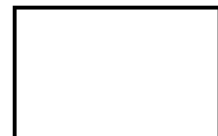
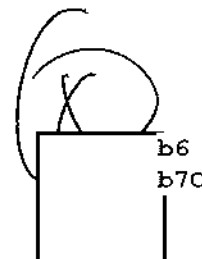
NEVADA NEWS, FILTERED DAILY

Company seeking land site from Sands China

(via MarketWatch) · September 7, 2010 · 9:16 AM

SJM Holdings, the Chinese gambling company controlled by Stanley Ho, has filed an application with the Macau government seeking to take over a piece of land which has already seen development work by a subsidiary of Las Vegas Sands Corp.

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BREACH OF CONTRACT LAWSUIT: Fired Sands exec firing back

Former CEO of Sands China seeks millions

By DOUG MCMURDO
LAS VEGAS REVIEW-JOURNAL

The former president and CEO of Sands China Ltd., a majority owned subsidiary of the Las Vegas Sands, on Wednesday filed a breach of contract lawsuit against the gaming giant in Clark County District Court, alleging he was wrongfully terminated and as a result is owed millions of dollars in salary, bonuses and stock options.

Steven Jacobs, who was fired in July, in court papers said there were many conflicts with Sheldon Adelson, chairman of the Las Vegas Sands Corp., owner of The Palazzo and Venetian hotel-casinos and the Sands Expo and Convention Center in Las Vegas, gaming operations in Pennsylvania and the Macau property.

The allegations paint an unflattering portrait of Adelson, claiming he made "repeated and outrageous demands" of Jacobs, despite Jacobs' "saving the Titanic" after the economy soured in 2008 and sent tourism and gaming numbers tumbling.

Jacobs' attorney, Don Campbell, wrote that Adelson told Jacobs to use "improper leverage against senior government officials of Macau" in order to obtain title to apartments.

Jacobs also alleges that Adelson told him to "threaten to withhold Sands China business from prominent Chinese banks unless they agreed to use influence with newly elected senior government officials of Macau in order to ... obtain favorable treatment with regards to labor quotas and table limits."

The court papers also allege that Adelson ordered that "secret investigations be performed regarding the business and financial affairs of various high-ranking members of the Macau government so that any negative information obtained could be used to exert 'leverage' in order to thwart government regulations/initiatives viewed as adverse to LVSC's interests."

Other alleged conflicts between Jacobs and Adelson, according to court papers, include Adelson's insistence that "Sands China continue to use the legal services of Macau attorney Leonel Alves "despite concerns Mr. Alves' retention posed serious risks" of violating the U.S. Foreign Corrupt Practices Act, which was passed in 1977 to combat bribery of foreign government officials to obtain or retain a business.

Jacobs in court papers alleges Adelson demanded he withhold information from the Macau property's board of directors involving Chinese criminal triads, government investigations and even cost overruns at the resort on the South China Sea.

On July 23, Jacobs was terminated. In a letter from Adelson, no cause for the termination is

mentioned. He was not allowed to clean out his office and was instead "escorted off the property by two members of security in public view" and left at the Chinese border. While part of China, Macau is in a special economic zone and is the only city in China that allows legal gaming.

Roughly two weeks later, according to court papers, Jacobs received a letter that explained he was terminated for cause, and was therefore ineligible to receive at least one year's salary for severance.

Jacobs earned \$1.3 million per year and was eligible for a performance-based bonus of half that amount. According to court papers, Jacobs saved the Macau operation. In a section of the lawsuit titled "Jacobs Saves the Titanic," Campbell said Jacobs removed \$365 million in costs and repaired relationships with government officials that Adelson "strained due to his rude and obstreperous behavior."

Jacobs in the lawsuit is also credited with making the resort the market leader by bringing in mainland Chinese gamblers. The lawsuit said he was "able to raise over \$4 billion from the capital markets ... and restart construction of a stalled expansion."

According to court papers, the Macau operation accounted for 65 percent of the Sands' net revenue for the fiscal year ending in June, a month before Jacobs was terminated.

"While Las Vegas Sands normally does not comment on legal matters, we categorically deny these baseless and inflammatory allegations," said Sands spokesman Ron Reese. "From here on out, we will let the process work its way through the appropriate legal system."

Contact Doug McMurdo at dmcmurdo@reviewjournal.com or 702-224-5512 or read more courts coverage at lvlegalnews.com.

Find this article at:

<http://www.lvrj.com/business/fired-sands-exec-firing-back-105510968.html>

☐ Check the box to include the list of links referenced in the article

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Las Vegas Sun

Former Sands Macau executive alleges he was wrongly fired

By **Steve Green (contact)**

Friday, Oct. 22, 2010 | 12:06 a.m.

Steve Jacobs, former point man for Las Vegas Sands Corp. in the fast-growing Chinese gambling district of Macau, claims in a lawsuit he was fired over disputes, including his resistance to demands that he engage in improper and illegal activity.

In a complaint filed this week in Clark County District Court in Las Vegas, Jacobs says he was improperly terminated as CEO of Sands China Ltd. after conflicts erupted with Las Vegas Sands CEO and Chairman Sheldon Adelson.

Jacobs was hired to run Sands' Macau gambling and hotel operations in May 2009 at an annual salary of \$1.3 million plus bonuses under a three-year contract, the suit says.

The lawsuit says Jacobs received a positive performance review by Sands Chief Operating Officer Michael Leven for 2009 and that he had repaired relationships in Macau, where officials had stopped meeting with Adelson because of his "rude and obstreperous behavior."

But the lawsuit says that in July, Jacobs was terminated and "escorted off the property by two members of security in public view of many company employees, resort guests and casino patrons" and was escorted to the border to leave Macau.

Some of the conflicts with Adelson were over issues such as demands that Jacobs use improper "leverage" in working with Macau government officials and prominent Chinese banks on a Four Seasons Apartment project, the lawsuit said.

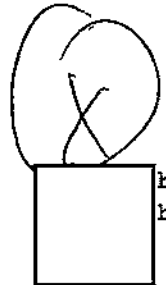
Jacobs also claims Adelson ordered him to arrange investigations of Macau government officials so that "negative information" could be used to thwart government regulations and initiatives adverse to the interests of Las Vegas Sands.

The suit said he was pressured to use a Macau attorney, despite concerns this could risk violations of the Foreign Corrupt Practices Act, and that he was told not to disclose "material information," such as cost overruns to the Sands China Board of Directors.

The suit also claims Jacobs disagreed with Adelson's desire to aggressively grow the Macau junket business because of its low margins, credit risks and investigations alleging connections between Las Vegas Sands, triad organized crime groups and the junket business.

Jacobs says in the lawsuit that while Las Vegas Sands said he was fired for cause, including exceeding his authority and failing to keep the board of directors informed, these reasons were "manufactured" and "pretextual."

Because Las Vegas Sands claims he was fired "for cause," Jacobs says, he's been deprived of the right to exercise stock options he had been awarded as well as at least one year of severance pay.



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The lawsuit alleges breach of contract, tortious discharge in violation of public policy and other counts and seeks unspecified compensatory and punitive damages.

The tortious discharge count alleges: "Certain of the improper and illegal demands made upon Jacobs by Adelson would have required Jacobs to engage in conduct that he, in good faith, believed was illegal."

Las Vegas Sands typically doesn't comment on lawsuits and hasn't yet responded to Jacobs' lawsuit, which was filed by Las Vegas attorneys Donald Campbell and J. Colby Williams of the law firm Campbell & Williams.

But Jacqueline Wu, a spokeswoman for Sands China, told Bloomberg, "We deny the allegations."

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Las Vegas Sun

Las Vegas Sands sees record revenue in 3Q on strength in Asia

By Steve Green (contact)

Published Wednesday, Oct. 27, 2010 1:30 p.m.

Updated Wednesday, Oct. 27, 2010 | 4:24 p.m.

With business booming in Macau and Singapore, Las Vegas Sands Corp. today reported a third quarter profit and record revenue.

Net revenue of \$1.91 billion was up 67.3 percent from the third quarter of 2009, representing the opening of the \$5.5 billion Marina Bay Sands in Singapore, continued strong results in Macau and even improvements in Las Vegas.

Net income attributable to common stockholders was \$168 million or 21 cents per share vs. a loss of \$123 million or 19 cents per share in the third quarter of 2009.

"We are incredibly pleased to report that records for revenues, adjusted property EBITDA and adjusted property EBITDA margin were achieved during the third quarter of 2010. Strong revenue growth and increases in operational efficiency in Macau and outstanding results at Marina Bay Sands in Singapore contributed to substantial margin expansion and industry-leading financial performance overall," Chairman and Chief Executive Sheldon Adelson said in a statement.

EBITDA means earnings before interest, taxes, depreciation and amortization.

The Venetian Las Vegas and the attached Palazzo, with a combined 7,100 suites, generated net revenue of \$290.7 million, up from \$229 million, as revenue per available room increased on improved hotel occupancy and group bookings while gaming volumes increased as well, the company said.

Despite increased competition from CityCenter and generally slow business in Las Vegas because of the recession, these properties generated adjusted EBITDA of \$58.3 million, up 69 percent from the year-ago figure.

Las Vegas Sands said the Venetian's occupancy improved from 89 percent to 94 percent while revenue per available room per day increased from \$152 to \$156. Occupancy at the Palazzo increased 5.3 percentage points to 93.2 percent while revenue per available room improved 13.1 percent to \$173.

Despite these gains, Las Vegas Sands executives on a conference call with analysts said they expected hyper-competitive conditions on the Strip to continue or even increase with the opening of the nearly 3,000-room Cosmopolitan in December.

Despite longtime acrimony with competitor Steve Wynn, Adelson quipped on the conference call that "I hope he opens up a new property" to generate excitement in Las Vegas.

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Adelson said he's hopeful a deal announced this week in which the Las Vegas properties will be marketed by InterContinental Hotels Group will give the Sands and Palazzo an edge in filling their rooms at high rates.

Elsewhere:

- Sands China Ltd., the majority-owned subsidiary of the company in Macau, generated net revenue of \$1.08 billion, up 27.7 percent.
- Marina Bay Sands, in its first full quarter of operations, generated net revenue of \$485.9 million.
- Sands Bethlehem in Pennsylvania contributed net revenue of \$82.8 million, up 31.4 percent.

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Dec. 02, 2010
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Macau rejects Sands application for two Cotai sites

Application to build new casinos rejected; shares slide on news

By HOWARD STUTZ
LAS VEGAS REVIEW-JOURNAL

Investors grew concerned Thursday that Las Vegas Sands Corp.'s ambitious Asian development plans were dealt a blow by the Macau government.

The company voluntarily halted trading of shares of its Sands China subsidiary on the Hong Kong Stock Exchange after Macau authorities denied the company's application to build casinos on two Cotai Strip parcels.

The news caused Las Vegas Sands' shares, listed on the New York Stock Exchange, to tumble more than 6 percent at one point Thursday after the company disclosed the action in a brief filing with the U.S. Securities and Exchange Commission.

The ruling by Macau officials did not affect any of the company's current developments on Macau's Cotai Strip, but it cast into question two undeveloped sites that are reportedly being sought by a rival casino company controlled by Hong Kong billionaire Stanley Ho.

In the SEC filing, the company said it had 15 days to ask Macau's chief executive to review the decision and 30 additional days to appeal the decision to Macau's courts. The company said in the filing it was "considering all options available to it as set forth in the letter."

One gaming analyst said the move by Macau officials could halt plans by Wynn Resorts Ltd. and MGM Resorts International to expand onto the Cotai Strip. The secretary for economy and finance in Macau made comments recently about ensuring "gradual" growth in Macau.

"From a derivative standpoint, the decision from the Macau government ... would put Wynn's stated desire to have a Cotai facility opening by 2015 in somewhat more murky territory as it also does not yet have a land concession for its project," Sterne Agee gaming analyst David Bain told investors.

"We also believe MGM Resorts will have a more difficult time utilizing a future Cotai development as a story for its potential Hong Kong (Stock Exchange) initial public offering," Bain said.

Macau is coming off its two largest gaming revenue-producing months ever with casinos collecting \$2.3 billion in October and \$2.13 billion in November.

The Special Administrative Region's leadership has expressed a desire to slow growth in the gambling market, which is the only location in China where gaming is legal.

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In the third quarter, Las Vegas Sands' three Macau casinos had net revenues of \$1.08 billion, 56 percent of the company's total revenues.

Las Vegas Sands spokesman Ron Reese said the company voluntarily halted the trading of Sands China shares while it determined the nature of the ruling. Trading is expected to resume Friday. Shares of Las Vegas Sands closed on the New York Stock Exchange at \$49.17, a drop of \$2.17, or 4.23 percent.

"We believe the market reaction today is overdone and we would use the weakness as a buying opportunity," Wells Fargo Securities gaming analyst Carlo Santarelli told investors.

Las Vegas Sands restarted construction earlier this year on its stalled developments on two Cotai Strip sites. Construction was halted in November 2008 when lending for the projects dried up and Las Vegas Sands was forced to restructure its corporate finances.

The company plans to open 6,400 additional hotel rooms in the next two years under the Shangri-La, Traders, Sheraton, Sheraton Towers and St. Regis brands, adding additional convention and casino space.

The two Cotai Strip sites in question are farther down on Las Vegas Sands' development schedule. According to a June 30 financial statement, Las Vegas Sands had invested about \$102 million for site preparations.

In September, Chinese media reported that Hong Kong-based SJM Holdings asked the Macau government to give the company the two undeveloped Cotai Strip sites. SJM, which has 18 casinos in Macau, reportedly made the request in writing to the Macau government.

JP Morgan gaming analyst Joe Greff said Macau's chief executive may want to diversify the casino operators on the Cotai Strip and the move could signal a preference for non-American companies to build out the development with non-gaming facilities.

"We are not pleased with the government action taken today and believe it's more having to do with a U.S. operator having too much share at the expense of local operators," Greff told investors.

Contact reporter Howard Stutz at hstutz@reviewjournal.com or 702-477-3871.

Find this article at:

<http://www.lvrj.com/business/macau-rejects-sands-application-for-two-cotai-sites-111209819.html>

☐ Check the box to include the list of links referenced in the article.

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Las Vegas Sun

Nevada high court overturns \$58 million judgment

The Associated Press

Thursday, Nov. 18, 2010 | 6:06 p.m.

The Nevada Supreme Court has overturned a \$58.6 million judgment awarded to a Hong Kong businessman who said he helped Las Vegas Sands Corp. win a gambling license in Macau.

The high court said in an order filed Thursday that a district judge should not have admitted hearsay statements during the 2008 trial.

In May of that year, a jury decided Richard Suen should be compensated for helping to set up a series of meetings between company executives and members of the Chinese government in July 2001.

Suen filed his lawsuit in 2004 after failing to reach a compensation agreement with the company.

During the trial, then Las Vegas Sands President Bill Weidner denied Suen helped the company win a shared gambling concession with Hong Kong-based Galaxy Entertainment.

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[redacted]
From:
Sent:
To:
Subject:
Attachments:

Lipton, Joseph [redacted]
Tuesday, November 30, 2010 4:13 PM
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Las Vegas Sands
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[redacted]
Good talking to you. Attached are the documents we've received so far from [redacted] We'll touch base before next week, but the interview will be at the Bond Building, 1400 New York Avenue, NW in DC. Let me know if you have any questions.

Joey
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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 12/03/2010

To: Las Vegas

From: Las Vegas

Squad 13

Contact: SA [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Request writer be authorized to travel to Washington, D.C., to conduct key witness interview.

Details: On 12/07/2010, [redacted]

[redacted] of Las Vegas Sands Corp.'s operations in Macau, is scheduled to be interviewed by DOJ trial attorneys assigned to a Foreign Corrupt Practices Act investigation of the Las Vegas Sands Corp. The interview is scheduled for 9:30 a.m. EST, at the Department of Justice's Bond Building, located at 1400 New York Avenue Northwest, Washington, D.C. DOJ Trial Attorney Joey Lipton has requested that Case Agent [redacted] travel to Washington, D.C., to assist in conducting the interview. Among other issues, it is believed that [redacted] will be able to share information about Las Vegas Sands Corp.'s agents and employees paying or offering to pay bribes to public officials from the Peoples Republic of China.

Also traveling to Washington D.C. with SA [redacted] will be Las Vegas [redacted] Special Agent [redacted] SA [redacted] will travel under case number [redacted]

Following the interview, SA's [redacted] and [redacted] plan to visit with FBIHQ SSA's assigned to their particular matters and debrief them on the results of the [redacted] interview.

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To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 12/03/2010

The agents will travel to Washington, D.C., on Monday, 12/06/2010, and return on Wednesday, 12/08/2010. The lack of hotel rooms at per diem rate necessitated the agents stay at a hotel in Arlington, VA.

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Dec. 12, 2010

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INSIDE GAMING: 5 billion reasons to like Singapore

Analysts believe Singapore's two casinos will produce gaming revenues of more than \$5 billion in the island nation's first full year of legalized gambling.

That would exceed the combined annual take of the 41 casinos on the Strip.

That reason alone has investors embracing Las Vegas Sands Corp., which opened the Marina Bay Sands in April. The company and Malaysia-based Genting hold the only two gaming concessions in Singapore, with exclusivity expiring in 2019.

Singapore, which has more than 4.6 million residents, legalized gaming as way to boost tourism. The idea worked. Visitation is up more than 18 percent this year.

But the country's leaders didn't expect the popularity of gambling. The two casinos are attracting customers from throughout the region, including Indonesia, Malaysia, Australia, India and China.

Singapore is already drawing comparisons to Macau, where gaming revenues are more than \$20 billion through November, 50 percent higher than a year ago.

Analysts say they wouldn't be surprised if after the two casinos top \$5 billion in revenue, they reach \$6 billion by 2012.

"Singapore is a deeper market than we had recently thought," said Macquarie Securities gaming analyst Chad Beynon, who recently spent a week traveling through Singapore and Macau.

"While we don't believe the market will ever evolve to a similar Macau junket model, we believe the properties will have the opportunity to tap into more direct high-end play in Southeast Asia," he said.

Gambling wasn't supposed to be the overwhelming focus of Singapore's two properties.

Genting's Resorts World Sentosa features a Universal Studios theme park. Marina Bay Sands has a 1.3 million-square-foot convention center, 1 million square feet of retail and the three-acre Sands SkyPark atop the hotel towers.

The government instituted a \$100 casino entry fee on Singapore residents, but that hasn't slowed interest.

"We have become increasingly worried that the government could take further action to curb mass visitation, principally from Singapore and potentially even Malaysia," Beynon said.

Marina Bay Sands has slowly opened amenities over the year, including celebrity-chef-operated restaurants, an art museum and a theater for the Disney's "The Lion King"

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Las Vegas Sands officials believe the nongaming offerings will be just as attractive as the 165,000 square-foot-casino, which covers less than 1 percent of building's total square footage.

Howard Stutz's Inside Gaming column appears Sundays. He can be reached at hstutz@reviewjournal.com or 702-477-3871. He blogs at lvvj.com/blogs/stutz.

Find this article at:

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CRAIG STEPHEN'S THIS WEEK IN CHINA

Dec 13, 2010 4:30 a.m. EST



Fallout from Macau's own WikiLeaks hits Las Vegas Sands

Authorities seek to put billionaire Adelson in his place

By Craig Stephen

HONG KONG (MarketWatch) — For many years, there has been a conspiracy theory on Macau that international operators given licences to build casinos on China's southern coast always had a finite — eventually ownership would pass to the Chinese.

Allowing foreign, mainly U.S. casinos to indefinitely shovel takings home from China's army of punters could not continue indefinitely. At some point the rules would change allowing mainland interests to take over, at a knock-down price.

The type of week Sheldon Adelson, chairman of Sands China (THE HK 1928) (PINK:SHYY) — that runs the flagship Macau Venetian and other casinos in Macau — just had means this is one conspiracy theory that might not be too far fetched.



After learning that the Macau government had abruptly denied Sands the go-ahead for its fifth hotel and casino project on Cotai strip, this was followed up by an embarrassing police raid on the flagship Venetian Macau.

On the day that Adelson jetted into Macau, over 100 prostitutes were rounded up in the Venetian in a major police operation. The rejection of the land sites known as plots 7 and 8 on the Cotai also leaves a hole in the pocket coming after the company has spent over \$100 million on pre-construction work.

WikiLeaks Continue to Reverberate

Demonstrations in support of WikiLeaks founder Julian Assange are held in Spain while leaders and citizens from Iran to the Vatican react to leaked cables. Video courtesy of Reuters.

The timing may be coincidental, but it looks like a snub on various levels as the tables shift on billionaire Adelson.

After Venetian single-handedly established the Cotai strip (in an effort to match the Las Vegas strip) with the intent to transform Macau

gambling into high-end family entertainment, this is a symbolic act.

The authorities are letting everyone know that beneath the chandeliers and plush carpets of the Venetian, the seedy underbelly of Macau remains unchanged. Coming together with the curbing of plans to expand the Cotai strip, suggest Adelson has lost favor with the Macau government.

Stoking tensions with the SAR government have been revelations from the sacked former President and CEO of Sands China, Steven Jacobs, that are of WikiLeaks cable-like in proportion.

Jacobs, who is suing his former employer for wrongful dismissal, alleges Sands China were involved in secret negotiations with Macau officials, where Adelson ordered him to use improper leverage to gain approvals for

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development. This involved gaining secret intelligence on top officials so any negative findings could be used to defeat future government actions against the interests of Sands.

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The allegations extend to asking major Chinese banks to apply pressure on the Macau government to favor Sands China or risk losing business.

It is little surprise that these kind of revelations and the loss of face that comes with it, could have damaging repercussions. Another disclosure is that Adelson chose to allocate funds to the Marina Bay Sands in Singapore while temporarily shelving some development on the Cotai strip. This led to 10,000 workers being laid off in Macau, sparking a public outcry.

Singapore's arrival on the casino stage has also become a bone of contention with Adelson comparing its 8.5% - 21% gaming tax rate with Macau's substantially higher 39%. Meanwhile, there have also been allegations high rollers are being diverted to Singapore from Macau.

Singapore's Marina Sands opened earlier this year and has been a huge success, with close to \$500 million turnover in the last quarter and an EBITDA of \$241.6 million. According to company forecasts, it expects Singapore to comprise 44% of profits, Macau 43% and remainder the U.S. some time in the future.

This diversification means perhaps Adelson has less to worry about the authority's action in Macau. Still, it has been reported that casino kingpin Stanley Ho's SJM Holdings (THE HK 880) (PINK: SJMHF) is interested in acquiring the site in question on the Cotai strip. If Sands China loses the site, it would mean that all of Macau's casino operators would have a presence on the strip that the Venetian pioneered.

Macau, meanwhile, will not have it all its own way as destination for mainland gamblers as there's speculation Hainan Island will also get the go-ahead for casinos and perhaps horse racing.

But greater competition might also benefit Macau. The emergence of other gambling centers in the region may prompt mainland authorities to be more careful imposing arbitrary looking visa curbs to turn on and off visitors from China.

It would be understandable if the stellar performance of Marina Sands in Singapore made Adelson feel less troubled by the situation in Macau. Much depends on whether the authority's action last week is a shot across the bows or a taste of things to come for the beleaguered group. To know if there is more at play here than just a conspiracy theory.

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Leonel Alves: 'Legislative Assembly should be more active in lawmaking'

Vitor Quintã

24/06/2010 03:09:00



Even though the Macau political system is "led by the executive power," the Legislative Assembly "should be more active in lawmaking," Leonel Alves says. For the lawyer and member of the Executive Council, the problem is a lack of "any kind of juridical training." Furthermore, he says, the parliament should have more dialogue, with Government members coming "more often to answer questions in person."

In an exclusive interview with Macau Daily Times, Alves bemoaned "internal contradictions" among the younger Macanese generations, which

"should have a relevant part in society." The Macau pavilion at the Shanghai World Expo was a missed opportunity for the community to present itself to China, he says. In fact, the lawmaker adds, "few people had the opportunity" to see the contents that were sharply criticized by local media

Macau Daily Times (MDT) – How do you see the current political situation in Macau?

Leonel Alves – We are now entering a second phase of enhancement of the new regime and the balance is extremely positive. Of course we had our sins, if we can call them that – less work was done in the social side. The Government has already turned to a more active policy, solving the social issues that affect people the most.

MDT – What's your evaluation of Chief Executive Chui Sai On's first six months?

L.A. – The Chief Executive has his own work method. He has a profound knowledge of all the social, education, culture and economy details. Because he was a Secretary before, his Executive vision is very disciplined. And the truth is that the administrative machine has 10 years of experience, so the feedback to the Executive policies could be faster and more insightful.

MDT – So you feel he has paid more attention to social issues?

L.A. – The circumstances make it inevitable. With the former Executive many policies were being elaborated and this is an implementation phase, especially public housing and social security.

MDT – Before the elections a lot was said about increasing the number of Secretaries.

'The Chief Executive is best positioned to know how many Secretaries he needs. Let's wait and see'

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you find that necessary?

L.A. – What matters is the future. Right now things are working. The Chief Executive is best positioned to know how many Secretaries he needs. Let's wait and see. Six months is too soon for any structural change.

MDT – **But this change has been discussed for several years now...**

L.A. – Well, it all depends on the people doing the job and Macau has a human resource problem. It took months to replace the Secretary for Public Work and Transportation [Ao Man Long, arrested for corruption in 2006]. Even if there are qualified people, it doesn't mean they are available.

MDT – **Aside from being a lawmaker you are also a member of the Executive Council.**

From a Western perspective, it would be odd to see someone both in the legislative and the executive side...

L.A. – You're right about the Western perspective. But the possibility of lawmakers being members of the Executive Council is mentioned at the Basic Law. It's a positive solution. The Executive Council is not the Government, it's an independent advisory institution. In practice, many times the legislation is greatly changed at the Legislative Assembly, after being approved in principle. Besides I have always been independent and it doesn't stop me from voicing my opinion. I'm not bound to any positions expressed by other Executive Council members.

MDT – **What's the balance between the legislative and the executive powers in Macau?**

L.A. – The Basic Law says the main political leader of MSAR is the Chief Executive. He is the one that answers before the people and the Central Government for the accomplishments and letdowns of MSAR. So I think it's perfectly adequate for the political system to be led by the executive power. The Legislative Assembly has been learning and today the supervision – through enquiries and interpellations – has been working very well, especially during the last five years.

However, I do feel the Legislative Assembly should be more active in lawmaking. More than 90 percent of the legislation come from Government law proposals. That also has to do with the composition of the parliament. The majority of lawmakers should know about Law but many of the most active politicians have no kind of juridical training. Often you spend a lot of time in commissions explaining juridical concepts.

MDT – **But the lawmakers often complain about the time the Government takes to reply to interpellations...**

L.A. – It would be better if the Assembly were more Western, with more dialogue and less writing. A parliament that becomes bureaucratic – that's not normal. But it's the system we have for now. The written interpellations have been on an upward trend. They're so many that one of these days the Government will have to create a public service just to reply (laughs). The Government members should go to the Legislative Assembly more often to answer the questions in person. Right now only the Chief Executive goes, by his own initiative. Maybe the next step is for the Secretaries to also go regularly. Or maybe they could limit the debate to specific issues.

MDT – **You are also a member of the Chinese People's Political Consultative Conference.**

In your first intervention you said: "My name is Leonel Alves, born in Macau, I'm from Portuguese and Chinese descent." Do you feel you were chosen as a symbol of Macau and the Macanese community?

L.A. (laughs) I don't have such a high profile. I think I was chosen also because I'm Macanese but mainly because I'm a lawmaker for many years now and I took part in the creation of the Basic Law from the start. With all modesty, I think I can be a useful element to convey to our Mainland colleagues the Macanese and the Portuguese community's role here in Macau and in China, stressing the characteristics of the Portuguese language and the Portuguese-based law

MDT – What's the importance of the Macanese community for Macau politics?

L.A. – Its political relevance is written down in the Basic Law and it's being respected in practice, which also means China doesn't forget the 400 years of Macau history and wants this community to develop. It would be good if more Macanese returned and the community would grow.

MDT – You have always stressed the importance of having a Macanese bid for the legislative elections. However, it always seems like the movement ends as soon as the voting is over...

L.A. – The community cannot ignore its own political relevance. But the most important is for the younger generations to become aware of this. If we don't take advantage of the most significant political moments, which are undoubtedly the elections, then in five or 10 years the younger generations will have forgotten what we've been through. No matter what, even if we only get 100 or 200 votes, the community has to be present

MDT – It was difficult to find younger Macanese to join the bid...

L.A. – The elders' work was not the most adequate and the youth's work among themselves was not very good as well. They have to overcome their internal contradictions. There is a problem in the Macanese youth. In my days, people identified each other very easily. Nowadays people don't know each other. The steps to show that the Macanese are a community with its own characteristics and its importance have to be well thought of. Everyone tried to play their role, which wasn't enough, for sure. People need more motivation for these issues and to become organized. An organization starting up to down doesn't work.

'It would be good if more Macanese returned and the community would grow'

MDT – Do you feel that young Macanese still see themselves as part of a community?

L.A. – We are still in the beginning. Since 1999 we have seen the creation of several associations. It would be good if among the young people there were also initiatives, interacting with the rest of the population. We need an increased integration of the Macanese into MSAR. The purpose of this small community should be nobler than just thinking about a job in the public service. The new generations should have a relevant part in society at a professional level – businessmen, technical experts, scholars.

MDT – The Macanese community, "patuá" dialect and cuisine are not mentioned at all on the Macau pavilion at the Shanghai World Expo...

L.A. – It could be an oversight from the organizing committee..

MDT – Isn't it a big oversight?

L.A. – I think so. I had no opportunity to give my opinion about the contents displayed at the Macau pavilion and I believe few people had that opportunity. If they had taken that step, I'm sure these lapses would have been prevented. We're so small; a few phone calls would have been enough.

MDT - Do you see it as a missed opportunity for the Macanese, considering the millions of people expected at the World Expo?

L.A. - It's a pity, not only for the Macanese community but also for the Portuguese.

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Steve Jacobs no longer with Sands China

Diago Azevedo

24/07/2010 01:30:00



Steve Jacobs was Sands China Ltd. chief executive for less than 15 months

Sands China Ltd. chief executive Steve Jacobs has left the Hong Kong-listed unit of Las Vegas Sands Corp. the company announced yesterday. According to Macau Daily Times' understanding, Steven C. Jacobs, who is also the executive director of Sand China, was dismissed yesterday morning, ahead of the arrival of Las Vegas Sands Corp. chairman Sheldon Adelson. Adelson is set to arrive in Macau tomorrow, prior to Las Vegas Sands' July 28 board meeting to discuss second-quarter performance. Las Vegas

Sands chief operating officer Michael Leven, who has already arrived in Macau, will be in charge of running the operations in the SAR while the company looks for a replacement.

The change in the leadership of the company was confirmed in a statement released by Sands China later in the day. "Michael Leven, who currently serves as a special advisor to the Sand China Board of Directors, has been named the company's acting chief executive officer. He replaces Mr. Steve Jacobs who is no longer employed by the company nor a member of the Sands China Board of Directors," the statement said.

For now, Leven will work with a special committee of the Sand China board in selecting a permanent chief executive officer. "He will divide his time between Las Vegas and Macau while the search is being conducted. Mr. Stephen Weaver, who was previously Sand China's president of Asian development, will also serve as an advisor to Mr. Leven during his tenure as acting chief executive officer," the company added.

In the statement, Adelson says the change to the management team "would have no material impact on the company's operations in Macau or its ability to complete the Sheraton/Shangri-La/Traders (parcels five and six) development currently under construction there".

The dismissal comes roughly two weeks after the appointment of another executive director. Early this month, Toh Hup Hock was appointed as an executive director of Sand China, operators of Sands casino and The Venetian resort in Macau.

Steve Jacobs, 47, was president, chief executive officer and executive director of Sand China. Jacobs was president-Macau of Las Vegas Sands Corp from May 2009 and had been working with Las Vegas Sands Corp since March 2009. Last year, Jacobs received an annual compensation of USD 1,303,683 (MOP 10.24 million), including a bonus of USD 433,333, according to Bloomberg Businessweek.

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This is not the first time that a big executive from the company in Macau has been axed. In April last year, Mark Brown, who had been the top casino boss at The Venetian in Macau since September 2006, was also dismissed.

Overall, Jacobs is now the fifth high-level officer to leave the company following Las Vegas Sands president William Weidner, Las Vegas Sands executive vice-president for the construction division, Brad Stone, and Mark Brown. More recently, in June, Stephen Weaver left the company due to "personal commitments." However, now that Steve Jacobs is out of the picture, Weaver will step back in as an advisor.

The news also comes after Sheldon Adelson commented on remarks made by Jacobs in a June interview with Dow Jones Newswires. Referring to comments by Jacobs that the first casino to open in Japan is expected in 2014 to 2015, the gaming tycoon said the time frame is about right, but made it clear that moves into Japan were not within Mr. Jacobs' "bailiwick," indicating the direction of regional development will be led by Las Vegas Sands management.

"I've said I'd like to bring our subsidiary (Sands China) in as a partner if we do go in Japan but I didn't ask Steve to make prognostications about when Japan is going to be open," Adelson said.

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Leonel Alves back with Sands China

Vitor Quinta

18/09/2010 03:00:00



Leonel Alves is back with Sands China as a legal advisor six months after leaving the company

Local lawyer Leonel Alves has been rehired as a legal advisor by gaming operator Sands China. The lawmaker confirmed to Macau Daily Times yesterday that the negotiations had been successful "I have already signed the contract and it's now in effect," he said.

Alves had previously represented Sands China for a year and a half but left the company back in February. Last month, the acting chief executive officer (CEO) of Sands China Michael Leven confirmed the negotiations. "He was a close advisor of the company throughout the last year and we would be very interested in having him back," the executive said.

"When we deal with an individual that is a Government official - Alves is also a member of the Executive Council, an advising body to the local government - we have to follow the rules of the US. So we are working our way through that," Leven explained.

The Sands China CEO also acknowledged that Alves had not left the company on good terms "We know that there were some disputes over

some issues, though I'm not exactly sure what about," he said in August.

Yesterday, Alves declined to comment on these "disputes" that led to his exit from Sands China. "It's a personal and professional matter that I don't wish to talk about," the lawyer said.

Sands China has been through a drawn out management revamp over the last few months. Back in July CEO Steve Jacobs was fired and a few days later the operator appointed two new executives: president and chief operating officer Edward Tracy and executive vice president and chief casino officer David Sisk. The company is still looking for a CEO and Leven expects the new executive to be in place by the end of the year

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Las Vegas Sun

Las Vegas Sands plan for two Macau parcels rejected

By **Steve Green (contact)**

Published Thursday, Dec 2, 2010 10:18 a.m.

Updated Thursday, Dec 2, 2010 12:15 p.m.

Las Vegas Sands Corp. today disclosed that its long-term development efforts in China sustained a setback when the Macau government did not approve a land concession for what are known as Parcels 7 and 8 on the Cotai Strip.

Sands China Ltd., Las Vegas Sands' subsidiary in China, has 15 days to apply to the chief executive of Macau for a review of the decision and 30 days to appeal the decision to the Macau courts.

"SCL (Sands China) is considering all options available to it," Las Vegas Sands said in a regulatory filing today.

In a recent regulatory filing, Las Vegas Sands said it had capitalized construction costs of \$102.4 million as of Sept. 30 for these parcels.

It said work on the parcels would begin after casino resorts are completed on parcels 5, 6 and 3, and after "necessary government approvals are obtained, regional and global economic conditions improve, future demand warrants it and additional financing is obtained."

Development of parcels 5 and 6 has been stalled by labor shortages.

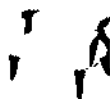
In all, Las Vegas Sands has proposed three integrated resort developments on the Cotai Strip, in addition to The Venetian Macao and Four Seasons Macao, on an area of about 200 acres.

After dipping as much as 7.8 percent on the news today, Las Vegas Sands stock closed at \$49.17, down \$2.17 or 4 percent.

While casino operators exposed to Macau have enjoyed strong gaming win growth in the Chinese enclave (42 percent in November), the Xinhua News Agency last month reported Macau's government may tighten control of its casino industry and limit the number of new casinos, table games and slot machines.

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Monday, Apr 23, 2007

A gritty side of Las Vegas Sands

Multiple lawsuits raise questions regarding the company's successful efforts to secure a Macau license

BY MATT WARD

Three multi-million-dollar lawsuits against Las Vegas Sands and owner Sheldon Adelson have shone a light on events leading up to the company's casino expansion into Macau. Potentially, they expose a grittier side to the company's foreign business practices.

The lawsuits—two filed in District Court and one in Federal Court—allege a series of broken promises and possibly questionable business practices by Adelson and top Las Vegas Sands executives in their rush to secure Macau's final casino concession in 2002.

HONG KONG CONNECTION

Richard Suen is a Hong Kong businessman with connections to top Chinese officials. A principal with a company called Round Square Ltd., Suen contacted Las Vegas Sands executives in mid-2000 to alert them to openings in Macau's gambling market and the opportunities for American companies there.

According to a lawsuit filed Oct. 15, 2004, Suen alleges that he agreed to Las Vegas Sands' offer of a \$5 million success fee and 2 percent of net profit from any resort built after obtaining a gambling concession. That offer was allegedly faxed to him by LVS President William Weidner on July 16, 2001. In September



Special to the Business Press
Sheldon Adelson at the opening of "Phantom of the Opera" at the Venetian Resort Hotel Casino on June 24, 2006.

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2001, the offer was amended to \$5 million cash and a 2 percent ownership stake in any casino the company would own in Macau.

In pursuit of his fee, Suen says he performed a number of duties, including introducing LVS executives (including Adelson) to top Chinese officials. According to a joint case conference report, filed in District Court June 16, 2006, Suen met with Adelson several times in Hong Kong, discussed compensation and later introduced the American casino operator to, among others, heads of Chinese trade and tourism councils, the mayor of Beijing, and the vice premier of China.

The report goes on to highlight how successful the meeting between Adelson, Weidner and senior Chinese officials was -- so much so that the vice premier subsequently invited Adelson's company to expand its business in China.

COMMUNICATION BREAKDOWN

Suen alleges that he submitted LVS' gaming application in Macau, under a power of attorney from Weidner. But documents entered as evidence in the case show a stream of ambiguous communications between Suen and Weidner.

As early as August 2001, Weidner warned Suen in a faxed letter that, during a meeting with Macau Chief Executive Edward Ho, LVS sales pitch where executives promoted themselves as experts in bringing conventions and trade shows to the sands, had been a failure.

"The advantage of expanding Macau's market attraction through conventions, trade shows and tourism would be reason enough to grant a license to our entity," Weidner wrote Suen. "Unfortunately, in our meeting with Edward Ho, our advantages were perceived as disadvantages."

Weidner then tells Suen that the Hong Kong businessman essentially gave LVS executives bad advice when he told them to use their status as convention operators to make their pitch to Ho. "Given our fundamental differences of opinion, we will not be relying on you or your group to help in a bid for a Macau gaming license."



Todd Lussner | Business Press

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A month later, according to the series of faxes, Weidner asks Suen about Macau's tax situation and other issues. "Have we heard anything about tax rates or the government's right to confiscate the casino after 25 years per the current legislation," Weidner asked Suen, in a fax dated Sept. 19, 2001.

Six days later Weidner tells Suen that there won't be any success fee, confirming, however, that there indeed had been an agreement. "We will not in the future reject overtures by others," he wrote. "If we directly secure our own equity partner, we are open to negotiating an equitable reimbursement to you for all of your time and effort in your failed attempt, but the success fee we had discussed earlier would not be applicable."

ADELSON UTILIZES NEVADA LAW

According to a Suen's own deposition, the businessman waited until LVS secured its license before seeking payment. When he did, he was totally rebuffed, he alleges.

"I called up Mr. Weidner and, you know, said, 'Bill, now that you have the license and I think, you know, is time for you to perform your side of the agreement,'" Suen testified. "And which I have answer from Mr. Weidner: 'No way. We did all the work. You did nothing, we're not paying you anything.'"

Suen says Weidner then refers the Hong Kong businessman to Adelson. Suen calls Adelson and is told, "Okay, yes, Richard, we have a bit of a problem. Is the impropriety," according to Suen's testimony. "I still remember that word," Suen said, "because I have to look it up."

Adelson then says, per Suen's testimony, that to pay Suen would violate Nevada Gaming Control Board regulations. "But don't worry about it. We will come up with another way of paying you that makes it all legal," Adelson allegedly told Suen, according to the latter's deposition.

Deposits taken of Adelson, Weidner, and other LVS executives and business partners have been sealed.

SAME ALLEGATIONS, DIFFERENT CASE

Attorneys in a case that is eerily similar to Suen's are fighting to keep parts of any depositions in their case unsealed.

Clive Jones, Darryl "Dax" Turok and Cliff Cheong filed suit against LVS on Jan. 26, 2006, essentially alleging that they had received the same treatment as Suen had from LVS. After work helping LVS secure a Macau license, they claim to have been stiffed.

Just as Weidner had promised Suen, LVS began entertaining offers from other companies that could put up capital for a Macau development. Among them was Asian American Entertainment Corp., a company owned by Taiwan's China Development Industrial Bank.

LVS executives essentially agreed to pursue a license with AAEC, which would act as the r backer. But after extending a letter of agreement a few times from October 2001 through January 2002, LVS abruptly ended its relationship with AAEC, partnering at the eleventh hour with Galaxy Entertainment Group for purposes of securing a casino concession.

The bank filed a \$750 million breach of contract suit in Nevada Federal Court on Feb. 5. Allegations made in Jones' lawsuit charge that LVS and AAEC's partnership ended when Macau officials decided against allowing a Taiwanese company from owning a casino. The Chinese Government considers Taiwan a renegade province that it should govern.

The Jones case dovetails into this third case, because Jones, Turok, and Cheong allege that they fostered the last minute relationship between LVS and Galaxy, hoping to secure a 5 percent ownership stake in any deal as payment.

On or about Feb. 3, 2002, Jones, Turok, Cheong and Weidner (as well as

other LVS executives) met with Galaxy's owners in Hong Kong. Then the group traveled to Macau for a meeting with Edward Ho arranged by Cheong, according to court records.

Five days later, Macau gaming officials announced that the Galaxy/LVS partnership won the last of three gambling concessions. AAEC alleges this is proof the concession process was somehow rigged in LVS' favor since Galaxy had already failed in its solo bid earlier in the process, according to court records.

Jones, Turok and Cheong's attorneys are currently in discovery against Sands' chief attorney Las Vegas litigator Sam Lionel. The latter did not return a phone call seeking comment. Jones' attorneys also deferred comment.

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Friday, May 04, 2007

Las Vegas Sands suits raise more questions

Documents show top executive concerned about Galaxy-Triad ties, fear of perceived Foreign Corrupt Practices violations

BY MATT WARD

Las Vegas Sands executives had serious concerns in 2002, when the Macau government paired the American casino operator up with a Hong Kong company and awarded the enclave's final gambling concession to the partnership.

Sands' primary concern was that Galaxy Entertainment Group, headed by Hong Kong real estate tycoon Lui Che-woo, wanted to operate its future Macau casinos in a manner that could have jeopardized partner Las Vegas Sands' Nevada gambling license. Details about this testy relationship came to light in a 2005 deposition of a high ranking Sands executive released last month.

Another concern of Sands officials, according to the testimony, was the potential that a claim could be made that Sands violated the federal Foreign Corrupt Practices Act in its zeal to win the lucrative Macau concession.

Three lawsuits one in Nevada federal court, two in Clark County District Court — levy myriad charges against the Venetian and Sands Macao operator. The district cases center around failures to pay individuals who allegedly helped secure the casino license for billionaire Sheldon Adelson.

The federal lawsuit was brought by Asian American Entertainment Corp., a Macau company owned by a Taiwanese bank. It paired up with Sands for the Macau license, but that partnership was, according to court records, stymied by Macau Chief



COURTESY MACAU GOVERNMENT TOURIST OFFICE

Entry to the ultra-lucrative gambling market of Macau raised vexing questions for executives of Las Vegas Sands, the first American casino company to operate in the Chinese province.

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Executive Edmond
Ho, Asian American
Entertainment
accuses Sands of
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TRIALS & REVELATIONS

In September 2005,
Sands President
William Weidner was
deposed by John A.
O'Malley, an
attorney for the Los
Angeles firm of
Fujbright &
Jaworski. The
deposition was part
of the discovery portion of Hong Kong businessman Richard Suen's
breach of contract case, filed Oct. 15, 2004 in District Court.

Suen, a trusted friend of Leonard Adelson, Sheldon Adelson's brother,
sued the Las Vegas company for not paying him for his help in
introducing Sands executives to high-ranking Chinese officials, including
China's vice premier. Many of the documents in this case are under seal
for various reasons, including the claim that making them public could
improperly reveal proprietary business information.

In the few pages of documents that have been disclosed, a series of
claims made under oath by Weidner raise questions about Sands'
behavior in winning its concession, altering the gaming landscape in
Macau when it dumped partner Galaxy and the central role Macau's chief
executive played in the entire process.

A MACANESE MARRIAGE

During one question-and-answer period, Weidner testified that his
company was forced to take Galaxy on as a partner because Ho wanted
"to put a Chinese face on this license." That Chinese face was Galaxy
owner Lui Che-woo.

"It was the government that married us with the -- tried to marry us with
a Chinese partner," Weidner stated. Eventually, he testified, Sands and
Galaxy made an agreement, won the license and sent the paperwork to
their respective lawyers.

"I think I spent four months in Hong Kong trying to negotiate those
documents, and they kept backing away and backing away and backing
away. We couldn't make a deal. So we finally had to fly to, over to
Macau, sit down with Edmond Ho and Lawrence Lui, and I across the
table. Edmond sitting at the head of the table, and I said, Edmond, I
can't do a deal. These guys won't disclose all their partners, so I can't, I
can't operate in Nevada." Weidner said, referring to Nevada state laws
requiring all industry partnerships to follow subsidiary guidelines.

Not only would Galaxy not reveal the company's true owners to its new
American partner, according to Weidner, but the business practices the
company wanted to implement could have hurt Las Vegas Sands'
reputation and that of Nevada.

"These guys want to do VIP rooms the way they do them, the way they do them
in Macau, where the Triad guys run them because they're the only ones
that can grant and collect credit in Mainland China, and they smuggle the
Renminbi (Chinese currency) across the border," he testified. "I can't do
that business. That's the way they want to do it, so I can't do it."

Galaxy Entertainment spokesman Peter Caveny said Weidner's statement
is "preposterous." "I was not here at the time, so it's very difficult for me
to comment about that. But I can say to you categorically we run all the
VIP operations. We work with independent VIP promoters that are

independently licensed by the Macau SAR (special administrative region) and vetted by them." Galaxy operates about 28 percent of Macau's VIP rooms.

MACAU BENDS TO ADELSON'S WILL

After allowing Sands to dump one partner days before the final licensing awards were announced in February 2002, Macanese government officials matched the company with Galaxy, which had already submitted a failed bid once before, earlier in the months-long process. Now Macau officials were going to take the unprecedented step of changing the enclave's gambling policy to allow Sands to break away from Galaxy, possess its own, independent subconcession and create two other subconcessions whereby two new players could join the growing casino scene.

"So, they actually split the license," Weidner says. "Actually, they created our entity as a subconcession, so we never got the deal. We had to come up with our own money to do it."

These statements are purportedly a defense against Sands paying any of the plaintiffs in the Federal Court cases. Weidner contends no one helped his company acquire its casino concession more than the Macau government itself.

IF IT LOOKS LIKE A DUCK ...

In one final revelation stemming from the public portion of his testimony, Weidner says he and Sheldon Adelson grew concerned with paying any of the players in the bid to win a Macau concession, particularly Suen, because it could appear as though they were violating a federal law, the Foreign Corrupt Practices Act.

If at the end of the day, someone could follow that whole chain of events and come to the conclusion we got the license without paying anybody anything, no government official. But, if the question is asked, then it's messy. It is very messy," Weidner said.

Suen wanted a lump-sum payment from Adelson, who offered at one point to set the plaintiff up in a procurement position which could earn millions. Suen turned the deal down because Adelson would not put it in writing, according to testimony in the case.

So his fear, if we got a big payment out here to this guy and we've got this license, two and two might make eight to somebody. If we got a claim, a Corrupt Foreign Practices Act claim, then how do you defend it? If it looks bad and it smells bad and it quacks and waddles like a duck, you know the assumption that it's a duck is not good for us. Not good," Weidner said.

O'Malley's response to this answer was to ask whether the Sands needs a judgment against it to protect itself. Sands' attorney Sam Lionel objected, saying, "Time to go."

In an interview for this story, Lionel declined to comment on specifics except to deny there was any violation of federal law or that the Corrupt Practices Act had anything to do with the cases against Sands.

Nevada gaming authorities did not return phone calls seeking comment. A former Gaming Control Board chairman who was involved in some of the earliest foreign-suitability investigations on behalf of Nevada operators says Sands executives would have had an obligation to tell regulators their concerns about Galaxy, as well as any concerns they had about potential violations of federal law.

"I would be surprised if they (regulators) didn't know about it at some point. You're actually required to pick up the phone and call," the former chairman said.

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Sunday May 27, 2007

Sands' 2002 Macau victory raised foreign corruption concerns

Gambling company worked to build defense ahead of litigation, potential whistleblowers

BY MATT WARD

Las Vegas Sands and its top executives were concerned about litigation surrounding the company's 2002 gambling concession in Macau. The worry was that it might reveal a potential violation of U.S. federal law. Sands was sufficiently fretful that, shortly after winning the Chinese license, a top Washington, D.C. law firm was tasked to help prepare a defense. This revelation comes from recently filed court documents.

Records in three separate civil suits against the casino operator have sharpened the picture of how Sands was able to win its Macau gambling concession, despite myriad political and financial obstacles, becoming the first American operator to open a casino on Chinese soil.

The most significant revelations so far are that Sands was forced to drop its early partner in the bid, Asian American Entertainment Corp., because of the potential political fallout from the latter's Taiwanese ownership, and that Sands President William Weidner testified during a deposition that Macau's government "married" the Las Vegas company with Galaxy Entertainment Group at the last minute.

THE TRIAD CARD

Weidner alleged that the Hong Kong company that had ties to organized crime groups. The marriage didn't satisfy Nevada standards and led the Macau government to create a special subconcession category to fix the issue.

Asked about Weidner's triad accusation, outgoing Galaxy consultant Larry J. Woolf responded, "They're not tied in. They're a publicly traded company. There's no direct link."



TODD LUSSIER: BUSINESS PRESS
Venerable executives feared civil claims or federal inquiries regarding its activities in

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The newest
revelations show
that Sands
executives went to
great lengths to
avoid claims that it
had violated the
Foreign Corrupt
Practices Act, a
federal law that
punishes companies
for engaging in

illegal activities,
such as bribery,
when doing business
overseas. Sands
execs were worried
they could be hit
with civil claims in
court, or worse, face
questioning by the
U.S. Justice

Department, documents show.

Macau court documents show

When it comes to experience



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The records are the foundation of a contentious legal squabble taking place at District Court between lawyers for the plaintiffs -- Cive Jones, Darryl "Dax" Turok and Cliff Cheong -- and Sands over what records should remain privileged in the case. At the heart of the battle are deposit orders given by Weidner and CEO Sheldon Adelson that are currently under seal, as well as correspondence between Sands executives and the Washington D.C. law firm Miller & Chevalier.

AFFIDAVIT OF HARRIS FREIDUS

Attorney Harris Freidus worked on issues related to Sands' participation in the Macau gambling tender process for law firm Paul Weiss Rifkind Wharton & Garrison in 2001 and 2002. In an affidavit taken May 11 by Sands attorneys, Freidus describes how he was immediately concerned about future litigation when Macau granted a gambling license to the Galaxy Sands partnership.

"I was immediately concerned that certain disaffected parties might sue the Venetian (Sands' casino-hotel in Las Vegas) and that those parties might attempt to interest the Justice Department in investigating the award of the concessions in Macau," Freidus testified under oath.

"Though we were firmly convinced that the process was scrupulously proper, there was no doubt that others would be interested in trying to attack the business dealings."

Freidus testified that he and others felt the immediate need to contact outside experts to review the entire process and lay a foundation to dispute any claims. He says he referred Sands, through its chief legal counsel David Friedman, to Miller & Chevalier.

"I believed it was in the best interest of the Venetian to consult outside legal counsel about the FCPA (Foreign Corrupt Practices Act) issues that would potentially arise in litigation," he said.

THE EXPERTS

Few documents have been released detailing communications between Sands executives and Miller & Chevalier attorneys. Sands attorneys have argued that communications between the Washington law firm and its client are protected under attorney-client privilege. But the company's lawyers were recently forced to turn over a list of 108 documents in the possession of the Washington lawyers. The list comes with one-line descriptions about the documents' contents, so that the plaintiffs' attorneys could argue against the merits of the privilege.

The list was made public in early May and reveals that the firm was doing extensive work on FCPA issues for Sands. It shows that executives reached out to Miller & Chevalier as early as Feb. 26, 2002, not long after

winning the license in Macau. Communications with the firm appear to end in early 2004.

Miler & Chevalier, according to its Web site, is recognized as having one of the country's preeminent Foreign Corrupt Practices Act (FCPA) and anti-corruption practices. This group has advised and assisted dozens of corporations with their FCPA compliance programs.

The company also states that litigation arising from FCPA issues is "uncommon historically." But the company further describes its expertise regarding such issues, which are similar to those being faced by Sands in the three lawsuits.

"Such issues have included potential FCPA liability as an affirmative defense to breach of contract, and the effect of FCPA issues in contractual disputes with terminated consultants or third parties," the firm's site relates.

By September 2002, Miler & Chevalier were ready to bring plaintiffs Jones, Turok and Cheong to Washington to be deposed. According to the list of confidential records, an undated outline was titled "of questions for interview of Turok, Jones & Cheong on FCPA issues."

The depositions, as far as the records show, took place four years before the three men filed suit. Their lawyers now want to take to the Washington firm, according to motions in the case.

Lawyers on both sides of this particular case have declined to comment about specifics. The discovery process is ongoing and a trial date is set for early 2008. Sam Leone, Sands' lead counsel, has said in previous interviews that the company did not violate the FCPA when bidding for the Macau concession.

Randall Sayre, a member of the Nevada Gaming Control Board, and formerly its chief investigator, says he has not heard of any FCPA issues related to Sands' Macau bid. Violating the FCPA would constitute a violation of Nevada gambling regulation and could lead to sanctions.

News Editor David McKee also contributed to this story.

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THE NEW YORKER

THE WORLD OF BUSINESS

THE BRASS RING

A multibillionaire's relentless quest for global influence

by Connie Bruck

JUNE 30, 2008



Sheldon Adelson's Macao casinos have helped make him America's third-richest man

Last October, Sheldon Adelson, the gaming multibillionaire, accompanied a group of Republican donors to the White House to meet with George W. Bush. They wanted to talk to the President about Israel. Secretary of State Condoleezza Rice was organizing a major conference in the United States, in an effort to re-start the Israeli-Palestinian peace process, and her initiative had provoked consternation among many rightward-leaning American Jews and their Christian evangelical allies. Most had seen Bush as a reliable friend of Israel, and one who had not pressured Israel to pursue the peace process. Adelson, who is seventy-four, owns two of Las Vegas's giant casino resorts, the Venetian and the Palazzo, and is the third-richest person in the United States, according to *Forbes*. He is fiercely opposed to a two-state solution, and he had contributed so generously to Bush's reelection campaign that he qualified as a Bush Pioneer. A short, rotund man, with sparse reddish hair and a pale countenance that colors when he is angered, Adelson protested to Bush that Rice was thinking of her legacy, not the President's, and that she would ruin him if she continued to pursue this disastrous course. Then, as Adelson later told an acquaintance, Bush put one arm around his shoulder and another around that of his wife, Miriam, who was born in Israel, and said to her, "You tell your Prime Minister that I need to know what's right for your people—because at the end of the day it's going to be my policy, not Condi's. But I can't be more Catholic than the Pope." (The White House denies this account.)

Perhaps this exchange contributed to a growing resolve on Adelson's part to try to force the Israeli Prime Minister, Ehud Olmert, out of office. Adelson and Olmert had been friendly since the nineteen-nineties, when Olmert was a member of the hard-line Likud Party. Olmert became Prime Minister in January 2006, following Ariel Sharon's stroke. He, like Sharon, came to recognize the inexorability of Jewish-Arab demographic trends. Olmert declared that a two-state solution was the only way of preserving Israel as a democratic state with a Jewish majority, and he said that he was ready to negotiate with the President of the Palestinian Authority, Mahmoud Abbas. Adelson saw Olmert

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as a betrayal of principle. He had long wanted to see the Likud's Benjamin Netanyahu returned as Prime Minister, but a revived peace process gave that goal new urgency.

Adelson opposed both Olmert and the peace conference, which was held in Annapolis in late November. The Zionist Organization of America, to which Adelson is a major contributor, ran a full-page ad in the *Times*, headlined, "SECRETARY RICE: DON'T PROMOTE A STATE FOR PALESTINIANS WHILE THEIR 10 COMMANDMENTS PROMOTE TERRORISM AND ISRAEL'S DESTRUCTION." The "10 Commandments" referred to the constitution of Fatah, Abbas's party. "Osama Bin-Laden and Hamas would be proud of Abbas' Fatah Constitution," the ad stated. Two weeks before the start of the conference, a Washington, D.C., think tank that shares office space and several board members with the Republican Jewish Coalition—another organization to which Adelson makes significant contributions—circulated an article on its Listserve which asserted, "Olmert is now chasing peace with the Palestinians at all costs, in a desperate attempt to secure his place in world history."

In an interview with the Jewish Telegraphic Agency news service, Adelson was even more disparaging about Olmert's motivation. Olmert has faced several corruption investigations, all focussed on the period before he became Prime Minister; Adelson suggested that Olmert was trying to divert public attention from them, and was making concessions to the Palestinians in order "to stay out of jail." (The most recent investigation of Olmert, which became public in early May, seems to have increased Adelson's chances of achieving his objective. Olmert has admitted accepting donations, mostly in cash, from an American businessman for his election campaigns since the nineteen-nineties, but he insisted that he did not take any money for his personal use, and denied allegations that he had accepted bribes. He has said that he will resign if he is indicted.)

In early November, the Prime Minister of the Palestinian Authority, Salam Fayyad, who is widely respected in Washington, was scheduled to appear with Tzipi Livni, Israel's foreign minister, at the opening of the Saban Forum, an event in Jerusalem organized by the Brookings Institution's Saban Center for Middle East Policy. Adelson phoned the event's chair, Haim Saban, an Israeli-American businessman, and asked him to contribute to a campaign that he was organizing against the Olmert government; Saban declined. Adelson then asked if he would sign an ad; again, Saban refused. Whereupon, Adelson accused him of funding anti-Israel research at the Saban Center. Saban was surprised, but suggested that when the center's director, Martin Indyk, was next in Las Vegas he and Adelson could talk. Not long afterward, Indyk met with Adelson at his office at the Venetian, on the Las Vegas Strip. According to a person familiar with what happened at the meeting, Adelson berated Indyk for hosting "terrorists" like Fayyad, who he said was a founder of Fatah. Indyk is said to have replied that Fayyad was never involved in terrorism and was not a member of Fatah, and that Adelson's problem was really with Olmert, because he dealt with Fayyad. Adelson stood his ground, and declared that the Olmert government was an illegitimate government and should be thrown out. (Indyk declined to comment on what he said was a private conversation. Saban confirmed his exchange with Adelson.)

Historically, most mainstream American Jewish organizations don't publicly oppose the government of Israel, but in the weeks before and after the Annapolis conference a number of groups were strongly critical. Among them was One Jerusalem, founded in 2000 to protest any peace accord that would include Israeli concessions on Jerusalem. One Jerusalem has received contributions from Adelson. A week before the Annapolis conference, One Jerusalem's chairman, Natan Sharansky—the former Russian dissident, who has moved to the right on the political spectrum since immigrating to Israel—announced a major campaign against any division of Jerusalem, and against the peace initiative. One Jerusalem referred to Annapolis as "the Munich Conference of the 21st century." After Olmert asserted Israel's right as a sovereign state to make decisions regarding its national security, One Jerusalem posted an article on its Web site, headlined, "OLMERT TO WORLD JEWRY: SHUT UP." Later, as Olmert's negotiations with Abbas continued, another piece announced, "OLMERT DECLARES WAR ON ISRAEL."

Adelson has long preferred a low profile in many of his political activities. But one of his maneuvers did appear in the press. He has been a generous donor to the American Israel Public Affairs Committee, or AIPAC, the dominant lobby of American Jewry regarding U.S. policy toward Israel. Since the nineties, Adelson has helped underwrite many congressional trips to Israel, sponsored by an AIPAC educational affiliate. (Adelson pays only for Republican members.) Last year, he contributed funds for a lavish new office building in Washington, D.C., for the organization. In November, shortly before the summit, he learned that AIPAC was supporting a congressional letter, signed by more than a hundred and thirty members of the House of Representatives, that urged the Bush Administration to increase economic aid to the Palestinians, an initiative that the government of Israel also supported. Adelson was furious.

AIPAC is not accustomed to being attacked publicly from the right; its critics generally charge that its conservative policies toward Israel favor the status quo over a peace accord. But AIPAC has traditionally insisted that it seeks to further a close American-Israeli relationship, whether the government of Israel is left, right, or center. In an interview with the Jewish Telegraphic Agency, Adelson said of AIPAC's support of aid for the Palestinians, "I don't continue to support organizations that help friends committing suicide just because they want to jump." AIPAC has not made any policy shifts, and it is not clear whether Adelson will continue to contribute to the organization.

When Adelson was merely rich, he wrote checks for causes that he favored and for politicians whom he supported. Occasionally, he demanded to be heard. But he did not expect to play a significant role in U.S. foreign policy, or in Israel's strategic decisions, or in the fate of a sitting Israeli Prime Minister. That was before he acquired many billions of dollars. (He has assets of twenty-six billion dollars, according to a *Forbes* list published in March.) His political expenditures and his expectations have increased proportionately. Not long after Bush's encounter with Adelson last October, an Israeli government representative said that Bush, describing it to another Israeli official, had remarked wryly, "I had this crazy Jewish billionaire, yelling at me." (The Israeli official does not recall the conversation; the White House said that it had no comment.)

GAMBLING ON MACAO

In July, 2001, Adelson met with a Vice-Premier of China, Qian Qichen, in the historic Purple Light Pavilion, in Zhongnanhai, where foreign dignitaries are often received. Adelson was impressed, recalling later in trial testimony that it was "a very regal looking environment." He was accompanied by Bill Weidner, the president of his company, Las Vegas Sands, and Richard Suen, a Hong Kong businessman with connections to top Chinese officials, who was a friend of Adelson's brother Lenny. Suen had helped arrange the meeting, after asking Adelson the previous summer whether he might be interested in obtaining a gaming license in Macao. According to Suen, Adelson told him that such a license would be like getting "the brass ring," and described himself as "a man with a grand vision and a big pair of brass monkeys," who "would like to leave a visible footprint in history."

Macao had an enormous geographic advantage as a gaming destination. Gambling flourished in China until 1949, when the Communists took over and banned it as a capitalistic vice. But the Chinese remained avid gamblers, and gambling continued in Macao, a Portuguese colony an hour by ferry from Hong Kong. For nearly forty years, Stanley Ho, a controversial businessman, had enjoyed a gambling monopoly, but Macao was plagued by prostitution and violent crime, and dominated by triads, or Chinese mafia. In late 1999, soon after Macao was turned over to the People's Republic of China as a special administrative region, rumors began to circulate that Ho's monopoly was coming to an end; a limited number of new gaming licenses would be issued.

In the 2001 meeting, Qian, who was well briefed on Adelson, pointed out that during the Second World War China had accepted more than twenty thousand Jewish refugees in Shanghai. Adelson had been warned by Suen that Chinese officials find the subject of gaming distasteful, so he should not broach it. (As Suen wrote to Adelson, the Communists had banned gambling not only because it was against party principles but because "it has been a curse to my people way back in history like opium. It destroyed thousands of families from the bad old days to now.") Adelson spoke, instead, about his experience in the hotel and convention business. In 1979, he had launched a computer trade show, Comdex (for Computer Dealers Exposition), and over the next decade it became one of the largest in the world. In 1989, he had bought Las Vegas's old Sands Hotel, and built the biggest privately owned convention center in the country. And in 1997 he broke ground on the Venetian, to cater to a growing number of business travellers, among others. Qian told Adelson that he wanted to do much the same in Macao.

Then, unexpectedly, Qian introduced the subject of casinos. He asked how many hotel rooms Adelson might build in Macao. "I don't know," Adelson, who recalled the meeting in his trial testimony, responded. "How many you want me to build?" "Well, how many can you?" "I said, 'Well, that all depends how many people can come there.'" (China's 1.3 billion nationals need a special permit to go to Macao, so China controls the flow of visitors.) "He said, 'How many do you want?' And I said, 'Wow.' Of course, I didn't say, 'Wow,' right in front of him, but I mean, when I left there I said to Bill . . . 'Did you hear what I heard? . . . Do you think there's a possibility . . . that he can open the gates to Macao?'"

In May, 2004, the first gamblers entered the Sands Macao. Its construction costs were two hundred and sixty-five million dollars, and Adelson made back his initial investment in a year. In December, 2004, Adelson took Las Vegas Sands public (according to *Forbes*, he owns sixty-nine per cent of the stock) and became a multibillionaire, overnight. The following year, Macao drew 10.5 million mainland Chinese visitors, a hundred and forty-seven per cent more than three years earlier—reflecting an easing of travel restrictions and an increase in the number of newly wealthy Chinese. By the end of 2006, Macao had become the top gambling center in the world, with gaming revenues exceeding \$6.9 billion, a quarter of a billion dollars more than those on the Las Vegas Strip. In 2007, revenues climbed to \$10.3 billion. That year, Adelson opened the \$2.4-billion Venetian Macao—with canals and stripe-shirted gondoliers, as well as an extensive shopping mall and a five-hundred-and-forty-six-thousand-square-foot casino, which is the largest in the world. Since the Sands Macao opened, his personal wealth has multiplied more than fourteen times, and, according to the *Times*, in the two years after his company went public he earned roughly a million dollars an hour.

Now Las Vegas Sands plans to create “the Las Vegas Strip of Asia” on Cotai—an area of reclaimed land between two small islands, connected by bridges to Macao’s peninsula—spending an additional ten billion dollars to build a dozen new hotels, with twenty thousand rooms, and adjacent casinos. The hotels will include some of the world’s most famous brands, including the Four Seasons, all the casinos will be owned and operated by Las Vegas Sands. At a groundbreaking ceremony, in March, 2007, Adelson said that many members of Congress criticize China for its human-rights record, but he added that he liked the way the Chinese run their country. “People seem to be living a good life in China,” he said. “Look at the incredible progress China has made. How can someone say they’re doing the wrong thing?” He added that those who don’t approve of the way China is governed need not go to the country. “I don’t think the U.S. should be the policeman of the whole world,” he said.

Suen has yet to profit from the role he played, and in 2004 he filed a lawsuit against Adelson and his company in Clark County District Court, in Las Vegas. He alleged, essentially, that Adelson and Las Vegas Sands had an agreement with him to help obtain the Macao license and then reneged after it was won. A letter signed by Weidner, shortly after the July, 2001, trip to China, details an arrangement whereby Suen would receive five million dollars as a “success fee upon opening of the resort” and an “ongoing 2% of the net profit to the resort.” (Las Vegas Sands maintains that no formal contract existed and that Suen’s role in procuring the license was negligible. “We’re not deadbeats,” Adelson said in testimony. “We owe people money, we pay them.”)

On the morning of April 17, 2008, Adelson arrived at the Clark County courthouse in a Maybach limousine, accompanied by his wife and a bodyguard, and followed by a second vehicle, with additional bodyguards. Since 2001, Adelson has suffered from a condition known as peripheral neuropathy, which makes it difficult for him to walk. With his bodyguards in tow, he maneuvered an electric scooter along the courthouse corridor; when he arrived at the courtroom, he declared, “I brought my own chair,” and, standing with the help of his wife, glared at a half-dozen reporters assembled there. Adelson’s lawyer, Rusty Hardin—he recently represented Roger Clemens on Capitol Hill, defending him against accusations of steroid use—had argued that “confidential, private or trade secret information” in the case made “media access to the trial . . . impractical and prejudicial.” That request had been denied. (Adelson occasionally grants an interview to the business press, if the story is narrowly focussed, but he will not cooperate if the aim is a more comprehensive portrait. As he told me, explaining his refusal of my repeated requests to interview him, he admires the way that Kirk Kerkorian, the ninety-one-year-old majority shareholder of Nevada’s largest gaming company, MGM Mirage, conducts himself—“and Kirk never talks to the press.” Adelson added, “Someday, I’ll write my own book.”)

Testimony in the Suen case proposes an answer to a subject of enduring conjecture in Las Vegas: how Las Vegas Sands triumphed over Strip rivals—such as MGM Mirage and, in a joint venture, Park Place Entertainment and Mandalay Bay Resort—that were also seeking a Macao license. At the time, Las Vegas Sands was smaller and financially weaker.

In July, 2001, after arriving in Beijing, Adelson and Weidner saw Olympic banners flying along the streets. They soon learned that the country was waiting to find out whether it would be selected as the site for the 2008 Summer Games. In addition to seeing the Vice-Premier, Adelson and Weidner met with the mayor of Beijing, who asked Adelson for help with a matter pending in the U.S. House of Representatives, which he believed was threatening China’s chance to host the Olympics. (In the United States, China was widely perceived as the frontrunner, and it is not clear that Congress’s position would have had any impact on its chances.) Adelson said in court that he immediately

made calls on his cell phone to Republican friends in Congress—including Tom DeLay, then the majority whip—who had received generous support from Adelson. DeLay told him that there was indeed a resolution pending about China and the Olympics. (Representative Tom Lantos, then the highest-ranking Democrat on the House International Relations Committee, had introduced a resolution opposing China's Olympic bid, saying, "China's abominable human rights record violates the spirit of the games and should disqualify Beijing from consideration.")

Weidner, in his deposition, described the relationship between DeLay—a "very religious guy"—and Adelson. "The link between Sheldon Adelson and right-wing religious Christians is the commonality of a strong Israel," he said. "So it just happens to be Sheldon has taken Tom DeLay to Israel and he's a friend." DeLay told Adelson that he supported the resolution because of his concern about China's record on human rights but added that he would be discussing the legislative agenda shortly. "Sheldon folds his cell phone up and says to the mayor of Beijing, 'I'm going to do my best,'" Weidner said. "About three hours later DeLay calls and he tells Sheldon, 'You're in luck,'" he continued, "because we've got a military-spending bill . . . We're not going to be able to move the bill, so you tell your mayor that he can be assured that this bill will never see the light of day." So Sheldon goes and he goes to the mayor and he says, "The bill will never see the light of day, Mr. Mayor. Don't worry about it." Weidner also instructed the Sands's lobbyists in Washington, Patton Boggs, to suggest to the Chinese Embassy that Adelson and Las Vegas Sands were involved in the process that stalled the bill. (According to DeLay's spokeswoman, DeLay does not recall the conversation and had no role in blocking the bill. Representative Lantos died last February.)

In their trial testimony, both Adelson and Weidner portrayed the bill's demise as having resulted from the press of other legislation, rather than as a deliberate move by DeLay to help his benefactor. Six days after Adelson's conversation with DeLay, Lantos called for a vote on the resolution, saying, "I am asking the Speaker and the majority leader no longer to bottle up our legislation and to allow the representatives of the American people to speak their minds on this issue. . . . Mr. Speaker, allow us a vote." Three days later, the International Olympics Committee voted in China's favor.

The only other American casino magnate to win a license in Macao in early 2002 was Steve Wynn, but he did not move as quickly as Adelson: the Wynn Macau opened two years after the Sands Macao. In 2004, however, MGM Mirage—which had lost out in the 2002 Macao bidding process—announced that it had obtained a license through a joint venture with Pansy Ho, Stanley Ho's daughter, and that it would build a casino in Macao. It would be a formidable rival to the Sands.

For MGM Mirage, the opportunity to enter Macao with Pansy Ho was at once alluring and treacherous. Stanley Ho has for many years fought allegations that organized-crime triads are involved in his Macao casinos. American regulators would have to be satisfied that Pansy Ho was independent of her father, and MGM would have to institute certain protections in the joint-venture agreement. MGM executives concluded that these goals were challenging but doable. Several months after MGM's announcement of the deal with Pansy Ho, an adviser to MGM Mirage told me, they began hearing rumors that a report was being circulated, accusing Stanley Ho and his daughter of having criminal ties, among other allegations, and that it had been commissioned by Las Vegas Sands. Around this time, the adviser continued, Adelson visited Kerkorian in Los Angeles and told him that he would have problems with Pansy Ho and suggested that MGM Mirage become partners with Las Vegas Sands instead. Kerkorian declined, the adviser said. In 2007, an article in the Newark *Star-Ledger* revealed that a report that had circulated among journalists, regulators, and government officials around the world about Pansy Ho and her father had been commissioned by Las Vegas Sands. When the story broke, Adelson's spokesman said that the company executives had no idea how copies of the report were leaked, and noted that the report had been commissioned to learn more about the Hos. "We're in the midst of a twelve-billion development in Macao," the spokesman said. "Certainly there's been a lot of rumor and speculation about the Ho family and its business activities. . . . It was only prudent for us to get the lay of the land."

When I asked MGM Mirage's chairman and chief executive officer, J. Terence Lanni, about Adelson's visit to Kerkorian, he said that Adelson had not offered a true partnership. "But we wouldn't have done it even if there were a possibility of a partnership, because they're not good partnership material," he said.

After Kerkorian's refusal, Las Vegas Sands executives flew to Mississippi to see the governor, Haley Barbour. "Haley called, and he said that when he heard these Las Vegas Sands executives were coming to see him he was excited," Lanni, who has been a friend of Barbour's since the nineties, when Barbour chaired the Republican National Committee, recalled. "He thought they wanted to make a major investment in Mississippi." After the executives

arrived, they discussed the report with Barbour, and said that the Mississippi Gaming Commission should not approve the application from MGM Mirage to enter into gaming in Macao. (Because MGM Mirage has resort casinos in Mississippi, state regulators must grant approval of the gaming company's foreign operations.) "Haley said, 'I realized after a few minutes that those guys don't like competition,' " Lanni continued (Barbour's office confirmed the meeting but declined to discuss the conversation. Adelson declined to comment on this, as he did on all aspects of the piece.) The Mississippi Gaming Commission waived its requirement to approve the deal, allowing MGM to go forward in Macao.

"Sheldon is a very determined person," Lanni said. "When he wants something, it's a fixation, it's 24/7. What he did here was his right to do," Lanni continued, adding, "I wouldn't do it."

A CORNED-BEEF SOIRÉE

“In my sixty-three years in business, in over fifty different businesses, I’ve broken the mold and changed the status quo,” Adelson said one evening in late March to about three hundred dinner guests, gathered in a lavish ballroom at the Venetian in Las Vegas to see him and his wife presented with an award for corporate citizenship by the Woodrow Wilson International Center for Scholars. (The singer Wayne Newton was also honored.) Adelson, whose countenance often suggests that he is spoiling for a fight, takes pride in being an outsider, who has suffered rejection and ridicule but has avenged every slight, many times over. Vindication is sweet, if never quite sufficient. As he recently commented during a conference call with stock analysts, “They always derided, they always demonized our convention strategy, and look who’s laughing last.”

Adelson’s father, a Lithuanian immigrant, was a cabdriver in Boston, and his mother ran a knitting shop from home, in a tenement in Dorchester. Sheldon, his three siblings, and their parents all slept in one room. He and other Jewish boys in the neighborhood were beaten up by Irish youths. When he was twelve, he borrowed two hundred dollars from an uncle to purchase the right to sell newspapers on prime corners. At sixteen, he started a candy-vending-machine operation. He attended a trade school to become a court reporter, and when he joined the Army, three and a half years out of high school, that was his assignment. He told the audience at the Venetian that it was then that his commitment to helping others crystallized. “I know that a lot of people think that guys like me succeed by stepping on the broken backs of employees and other people,” Adelson said, “but they don’t understand that we, too, have philosophies and ideals that we adhere to very scrupulously.”

He had an epiphany of sorts when he was in the Army. He said that in the waning days of the McCarthy era there were a number of appeals-board hearings of scientists who had had their clearances revoked, and he took down their testimony. “The scientists had been invited to a ‘soirée,’ ” he continued, his voice tinged with sarcasm. “You know, these wine-and-celery affairs, wine-and-cheese affairs—and me, I wanted hot dogs and hamburgers and pastrami sandwiches.” The crowd chuckled appreciatively. “Little did they know that these were Communist-infiltrated cells. . . . But every one of them had the same story,” he said. “They went to soirées, and the conversation consisted of why they were here on earth. And I said to myself, ‘These guys are . . . the greatest scientists in history, and they’re asking themselves, Why are they here on earth? . . . This is the most ridiculous thing I ever heard of. There have been countless billions of people that have lived since the Neanderthal man, and not one person has ever found out why they’re here on earth, with any degree of certainty—don’t they know that?’ ”

Still, he tried to put himself in their place. He imagined himself at a “corned-beef soirée,” trying to figure out why he was here on earth. First, he thought it was to feel good, but then he decided that that was too selfish. What about helping others? “If I make other people feel good, I feel good!” He added, “I literally, mentally, went like” he paused, brushing his hands together in a dismissive gesture—“it’s over with! I don’t have to think about that issue ever again in my life.”

After Adelson came out of the Army, he and his brother Lenny packaged toiletries to be distributed by hotels and started a business called De-Ice-It, which sold a chemical spray to help clear frozen windshields. Adelson became a mortgage broker; he sold ads for financial trade publications and advised companies looking for financing; he invested in real estate, and ran a tour business. (“My father used to say . . . ‘Sheldon, you’re like that horse stuff—you’re all over the place,’ ” Adelson told investors at a recent conference.) Some of his ventures were successful—he has said

that in his mid-thirties he had a net worth of about five million dollars—but he lost a fortune twice. Jason Chudnofsky, a business investor, recalled a meeting, in the mid-eighties, at the kitchen table in Adelson's home in a Boston suburb, where he was living with his first wife, Sandra. "I remember sitting with him," Chudnofsky said. "He had a T-shirt on and was eating Chinese food out of a carton. He said, 'Work with me, Jason, and we're going to be dealing with ministers!' I said, 'What church?' He said, 'No, not church! Ministers of countries!' I was skeptical, knowing his past history." Chudnofsky continued, "Sheldon had lost a lot of money."

Comdex broke the cycle of success and failure in Adelson's business career. In 1979, noting the growing personal-computer business, he launched an independent trade show in Las Vegas, to bring together the industry. Comdex was owned by what later became known as the Interface Group, a company that produced conferences and expositions around the world. Chudnofsky, who became the president and C.O.O. of Interface in 1988, concluded that Adelson had not only an enormous appetite for risk and a keen intellect but also the instincts of a street fighter—which gave him an edge over many of his more educated peers. He did not shy away from courtroom battles. "Since he was a young businessman, Sheldon's attitude has been: Spend millions on defense and never settle," Chudnofsky said. Adelson thought big. He would demand of his executives, "Why scratch like a chicken when you can roar like a lion?" He was a micromanager before the word had become a cliché. And he was not a boss for the fainthearted. Once, when a secretary made a couple of errors in a letter she was typing, Adelson sat down and showed her how it should be done—at ninety words a minute. Another Interface executive, Dave Kaminer, said, "There were people who feared him. They would just shudder when Sheldon walked through."

In the late nineteen-eighties, one of his closest friends from childhood, Alan Rice, was the show director for a Las Vegas festival, Cinetex, that was organized by Interface in collaboration with the American Film Institute. Rice taped Adelson at one meeting when he was issuing orders. "About a month later, Sheldon came back and said, 'You guys have done this all wrong, you didn't follow my directions!'" Chudnofsky recalled. "Alan Rice said, 'Stop for a second, Shel. I'm going to play a tape of the meeting for you.' And Sheldon said the following: 'What are you guys, crazy? Who are you gonna believe, me or the tape?'" (Rice declined to comment on the incident.)

During this period, Adelson remarked to Kaminer that he had finally realized what he was: an entrepreneur. "He said that before he heard the word he'd always thought he was a floater with a short attention span," Kaminer recalled. Adelson spotted a new opportunity: Las Vegas. The city had focussed on high rollers and entertainment, but, Adelson thought, why not lure more business travellers with conventions and corporate meetings, and fill the hotels on weekdays? In 1989, Adelson bought the old Sands Hotel from Kerkorian for a hundred and twenty-eight million dollars, and established a new company, Las Vegas Sands. He built the country's largest exhibition center next to the hotel. The local establishment mocked him, but as conventions flocked to Las Vegas he was proved right.

Adelson, who separated from Sandra in 1988, met Miriam Ochshorn on a blind date the following year. Miriam, an Israeli internist, was at Rockefeller University as a guest investigator on an exchange program, and was living with her two young daughters in a New York apartment. Miriam's specialty was the treatment of drug addiction. Sandra Adelson had three children, whom Sheldon had adopted when they were young. Their two sons, Mitchell and Gary, both had substance-abuse problems, and during the eighties Adelson had helped to establish drug-treatment centers. Adelson was still living in Boston, but he and Miriam began spending a great deal of time in Las Vegas.

In mid-November, 1993, during the annual Las Vegas Comdex show, Adelson met with Masayoshi Son, a software distributor from Japan who had made his first million while still an undergraduate student, at the University of California at Berkeley, and had started a company, SoftBank, in 1981, when he was twenty-four. (Today, Son is the fifth-richest man in Japan, according to *Forbes*.) Son told Adelson that he was interested in acquiring Comdex but did not have the money, Adelson told him to come back when he did. The following year, the two met again; Adelson later said that he thought they were meeting to continue a discussion Son had had with one of Adelson's partners about Interface's interest in another deal—but, to his surprise, Son told him he wanted to discuss the possibility of buying Comdex, and he would name a price after reviewing the company's financials.

At the time, Adelson had three partners in Interface, and they were eager to sell, having entertained offers for several years. One of the partners, Irwin Chafetz, had a mantra: "Nothing is forever." Now, as an incentive to persuade Adelson to sell, they agreed to relinquish their interests in Las Vegas Sands. At a meeting in mid-January, 1995, Son made an offer, and the next month Comdex was sold to SoftBank for more than eight hundred million dollars. Adelson, with a controlling stake in the company, reportedly earned five hundred and ten million dollars from the sale.

Shortly before the eventful meeting between Son and Adelson in November, 1994, Adelson had made a proposal to his three adult children. In 1989, he had arranged for each of them—Mitchell, Gary, and his daughter, Shelley—to receive 2,941.24 shares of stock in Interface, in trusts; now he broached the possibility of buying the shares back. In a discussion with Mitchell on October 20, 1994, Adelson alluded to the risks of stockownership; he also said that he had long been trying to sell Interface but had not received any appropriate offers, and he did not foresee selling the company in the near future. Adelson believed that his sons could not support themselves or their families (he had been supporting them, either directly or by furnishing assets that provided their support), and that the transaction would assure them a steady stream of income and a later lump sum. Adelson asked Mitchell to convey the proposal to Gary and Shelley. On November 10th—days before the meeting in which Son told Adelson that he wanted to buy Comdex—the three children signed documents agreeing to sell their shares to their father, at a price based in part on a valuation of the entire company of four hundred and thirty million dollars, half of what it sold for several months later. The children received just under \$5.3 million for their shares from Adelson.

In September, 1997, Adelson's sons sued their father, alleging that he had defrauded them by not divulging material information, in order to induce them to sell their stock for less than its fair value. (Adelson's daughter, who was married to a company executive, did not join the suit.) In April, 2001, the sons lost in a trial in Massachusetts Superior Court. In the Findings of Fact, Associate Justice Hiller B. Zobel wrote, "The evidence during the 14-day trial depicted, like something from the playwright Arthur Miller, a harsh, demanding, unfeeling, successful businessman frustrated in his inability to actuate his self-indulgent, substance-abusing, over-pampered, and (as he believes) ungrateful sons." In the Conclusions of Law, the judge wrote, "Defendant Adelson, although perhaps lacking paternal kindness and, indeed, cordiality generally, did not mislead, cheat, or defraud Plaintiffs." In a separate memorandum, Justice Zobel denied a motion that Adelson had made to tax his sons with deposition costs. Mitchell, who pursued the case in appellate court, lost there, too, in 2004. (In September, 2005, Mitchell, who was married and had three sons, died unexpectedly at the age of forty-eight. Miriam Adelson recently told the Israeli newspaper *Ha'aretz* that he died of a drug overdose.)

In 1996, Adelson demolished the old Sands hotel and began building the Venetian. Instead of small rooms with no amenities and all-you-can-eat buffets, it would have four thousand rooms, of seven hundred square feet each, with minibars, fax machines, and telephones equipped for conference calls. It would offer world-class restaurants, a shopping mall with luxury boutiques, and the world's largest casino. Since Adelson was building this mega-resort at a time when Las Vegas was suffering from a glut of rooms and many operators were cutting prices, his competitors felt threatened.

Adelson, typically, was consumed with things large and small: the precise replication of the Campanile di San Marco and the Bridge of Sighs, the tassels on the curtains, the question of whether it was cheaper to rent or buy cranes (he bought), the color of the canals (he ordered them drained and their surface repainted, for a more perfect blue). "He would reengineer everything every day," Ken Moelis, an investment banker who has known Adelson since the eighties, said. Moelis added that this approach reflected Adelson's attitude toward most things in business and in life. "It's taking nothing for granted. 'Just because it's been done this way, so what?' He's just a grinder on everything. He chops up problems and goes back to square one. If you say, 'Let's start by saying there are fifty people out there,' he says, 'Why? Why do you say fifty?'" After a pause, Moelis added, "But I have to say—he's a great entrepreneur." In May, 1999, when the Las Vegas Venetian opened, Adelson's rivals enjoyed the spectacle. Many shops and restaurant spaces were still under construction, and building inspectors hadn't approved all of the hotel rooms. Adelson and his contractors were in court, there were hundreds of millions of dollars of liens on the hotel, and picketers were demonstrating on the Las Vegas Strip.

Like all major Las Vegas hotel casinos, the Sands was a union hotel when Adelson bought it, but the Venetian was non-union. This sparked a singularly bitter war with the Culinary Union, which had for many years maintained good relations with most hotels on the Strip. (Adelson has said that the benefits he gives his employees are superior to union benefits.) After a rally in which a thousand union supporters picketed in front of the Venetian, Adelson tried to have them removed by the police, and when that failed he went to court, arguing that the sidewalks outside the Venetian were private property, and not subject to the First Amendment. The Venetian lost in the district court and the appellate court, and in 2002 the U.S. Supreme Court refused to hear the case.

When Adelson learned that the Denver-based National Jewish Medical and Research Center was planning to host

an event in Las Vegas in March, 1998, to honor John Wilhelm, the head of the Culinary Union at the time, he called the president of the hospital to protest. The event went on as planned, and, according to the *Las Vegas Review-Journal*, one participant, the Nevada senator Richard Bryan, referred to the man "who is dining alone tonight." In 1999, Las Vegas's Temple Beth Shalom was holding a dinner to fête the new mayor of Las Vegas, Oscar Goodman. Adelson, a member of Beth Shalom, had recently pledged two hundred and fifty thousand dollars to the temple's new-building fund. The dinner was to be held at the Venetian, but Mayor Goodman said that he would not cross the picket line, and synagogue officials decided to go elsewhere. Adelson excoriated Beth Shalom's rabbi, Felipe Goodman. Rabbi Goodman told the *Review-Journal* that Adelson had been "so verbally abusive. I was very upset because no one had ever talked to me like he talked to me." After the dinner took place at the Four Seasons, Adelson withdrew his pledge to Beth Shalom. He gave large sums to the local Chabad, a branch of the Hasidic Chabad-Lubavitchers, for the construction of a new center.

Adelson, like other members of his family, had been a Democrat. But, as his wealth grew, he began to favor tax-averse Republican economic policies. He argued to an associate recently, "Why is it fair that I should be paying a higher percentage of taxes than anyone else?" Three years ago, at an event in Washington, D.C., celebrating the twentieth anniversary of the Republican Jewish Coalition, Adelson, who was being honored that evening, told the audience about the time he had spent with William Bush, the brother of George H. W. Bush, during the 1988 election. "He explained to me what Republicanism was all about . . . so I got to learn about it and I switched immediately!" Adelson said. But it was only after he went to war against the union that he became so partisan. He began donating hundreds of thousands of dollars to the Republican National State Election Committee.

Testifying before the Nevada state ethics commission in 1998, Shelley Berkley, who is now a Democratic congresswoman for Nevada, and who had worked for Adelson in the nineties as his vice-president of legal and governmental affairs, said that Adelson had told her that "old Democrats were with the union and he wanted to break the back of the union, consequently he had to break the back of the Democrats." Adelson fired Berkley in 1997, just months before she planned to begin a run for her first term in Congress. In a September, 1998, letter to the *Review-Journal*, Adelson wrote, "She violated attorney/client privilege and after two warnings, I decided to fire her. . . . Shelley Berkley attacks me in order to draw attention away from her own ethical lapses." Berkley published a letter in the paper a week later, in response, and she explained her firing differently. "My relationship with him began to sour the moment I urged him to hold jobs open at the Venetian for former Sands workers. The more I encouraged cooperation with the workers, the more I incurred Mr. Adelson's wrath," Berkley wrote. "Over time, I observed Mr. Adelson plot vendettas against anyone whom he believed stood in his way. However minuscule the perceived affront, he was certain to go ballistic, using his money and position to bully any 'opponent' great or small—into submission. . . . He has funneled hundreds of thousands of dollars to the Republican Party to support his handpicked candidate by attacking me on TV."

She went on, "I have unique personal knowledge of how Mr. Adelson seeks to dominate politics and public policy through the raw power of money. Shortly before I was fired from the Sands by Mr. Adelson in 1997, he made me an offer. It was a bizarre proposition, but it was simple and it was direct. He told me if I would switch from the Democratic Party to the Republican Party he would provide all the campaign funding I would need to run for Congress." Berkley won her first race by only three percentage points. In 2006, she won a fifth term with sixty-five per cent of the vote, and today is a popular representative with a seemingly safe district; but Adelson has continued to try to defeat her.

HIS FATHER'S SHOES

However much influence Adelson's wealth has brought him in this country in the last few years, it is modest compared with his sway in Israel. Adelson has long been devoted to the Jewish state. He has often recounted how his father yearned to set foot in Israel but was too poor to travel there, and then, later, too ill to go; after his father died, Adelson travelled to Israel and wore his father's shoes when he disembarked from the plane. With his marriage to Miriam, in 1991, his focus on Israel intensified. For their wedding, Adelson took more than a hundred and fifty guests to Israel on a private plane; they stayed in the King David Hotel, in Jerusalem, and attended a reception in the

Knesset's Chagall State Hall, where Chagall tapestries hang. Miriam and Sheldon have two sons—Adam, born in 1997, and Matan, in 1999. Miriam has continued her work treating drug addicts, and she and Sheldon have founded drug-treatment clinics in Israel as well as in the U.S. (Sheldon often refers to her as his “angel-wife,” alluding to her commitment to helping others.)

According to two people who know Adelson well, Miriam influenced his political views on Israel, which have become more conservative. By the mid-nineties, Adelson and Netanyahu had formed a close relationship; in Israel's 1996 election, in which Netanyahu defeated the Labor candidate for Prime Minister, Shimon Peres, by a mere thirty thousand votes, Adelson was widely reported to be a key backer.

Adelson began spending a great deal of time in Israel. He invested in high-tech companies, and he lobbied for the legalization of gaming, declaring his desire to build a casino in Eilat, at Israel's southern tip, which he visualized as “Vegas with water.” He also considered building a casino on an island in the Jordan River. Israel's Ambassador to Jordan at the time, Oded Eran, remembered receiving a call from Prime Minister Netanyahu, who said that, when Adelson was in Amman, Eran should take him to see King Hussein. Adelson wanted to propose his gaming initiative to the King. “Adelson got in my car and said, ‘Where did you get this? I need one,’ ” Eran recalled. “I had an armored car, made by BMW, that cost a half million dollars, and had windows so thick that it was an exercise for your arms to close the door.” He asked Adelson why he needed one; Adelson replied that he was in the casino business.

Adelson's dreams of gaming in Israel have not yet been realized—Orthodox Jews, especially, are strongly opposed to gambling—but his current ambitions go far beyond casinos. He has set off a fight among newspapers in Israel which is unprecedented; never before has someone with virtually unlimited means tried to use a newspaper to make a politician Prime Minister. Israel has three major Hebrew-language morning newspapers, *Yedioth Ahronoth*, *Ha'aretz*, and *Ma'ariv*. In 2006, Adelson tried to buy *Ma'ariv*, but his negotiations with its chairman, Ofer Nimrodi, collapsed. That year, Adelson started a free daily with an Israeli partner; he and his partner ended up in court, and he withdrew from the venture. In March, 2007, Adelson began a new round of talks to buy *Ma'ariv*, but these negotiations, too, broke down. After all these false starts, last August, Adelson launched *Israel Hayom*, or *Israel Today*, a free daily. It was reported that he was planning to invest a hundred and eighty million dollars.

Michael Steinhardt is a former hedge-fund manager and the co-founding chairman of Taglit-Birthright Israel, a program, established in 1999, that pays for Jewish youths to go to Israel each year. He is friendly with Adelson, who is a fellow-contributor to Birthright. “These things are not done to make money,” Steinhardt said of Adelson's new media initiatives. “They're done because Sheldon's an ideologue—he really cares about things that are of the spirit and not of the pocketbook.”

In the Israeli media world, *Israel Hayom* is referred to as *Bibi-ton*, because many believe that it serves as a mouthpiece for Netanyahu, whose nickname is Bibi, and who has long received extraordinarily negative press coverage in Israel. *Israel Hayom* journalists are reportedly under strict orders not to speak publicly about their paper. “What their spokespeople say is, there is a need for more balanced journalism in Israel, like what Fox News says in the U.S.,” one academic told me. “But, yes, the paper's objective is to make Bibi Netanyahu Prime Minister,” he went on, stressing that that goal was not quixotic. “In Israel, newspapers have a large impact on the public mind.”

The editor of *Israel Hayom*, Amos Regev, is a Netanyahu supporter, and he recruited several well-regarded journalists. One was Dan Margalit, formerly of *Ma'ariv*. Margalit was for many years one of Olmert's closest friends but broke with him over his handling of the 2006 Lebanon war. Well before the current corruption investigation of Olmert, *Israel Hayom* was filled with anti-Olmert articles. Its specialty is vitriolic headlines, such as “THE ASS-COVERING OF THE GOVERNMENT” (*Israel Hayom* would not comment for this article.)

Last January, Nahum Barnea—a political columnist for *Yedioth Ahronoth*, who is one of Israel's preëminent journalists—wrote about Adelson in his media column, The Seventh Eye. Adelson, he said, “is a great admirer of Israel, and knows better than any Israeli what is best for this country. When it comes to his views on the [Israeli-Palestinian] conflict, he is a right-wing extremist, who is convinced that Israel is governed by a corrupt, unpatriotic, and illegitimate government. . . . Billionaires with a political agenda spell trouble in any kind of media outlet, but in Israel—where the political system decides on matters of existential importance—all the more so.” Barnea noted that the publishers of *Ha'aretz*, *Yedioth Ahronoth*, and *Ma'ariv* exert influence over the general political outlook of their respective papers, but that many articles in each paper represent a different point of view. “Adelson's project, on the other hand, publishes only what Adelson himself would want to read—if he could read Hebrew, that is,” Barnea wrote.

"The same agenda, day in, day out, relentlessly. This is the stuff propaganda is made of, not journalism"

In early January, Yoram Bonen, a Tel Aviv lawyer, wrote a letter on behalf of *Israel Hayom* to Prime Minister Olmert. Bonen complained that *Israel Hayom* reporters were being discriminated against in various ways by Olmert's office. Olmert's media adviser, Yaakov Galanti, labelled the claims "ridiculous." In a written response, he also said that even the definition of *Israel Hayom* as a newspaper was wrong, the phrase "printed material" would be more suitable.

Galanti wrote, "The Prime Minister has, on more than one opportunity, had occasion to meet with the publisher of this material who, for some reason, did not conceal his political views or the political aims of his printed material not to mention the fact that this same publisher meddles in the Israeli political scene, meeting with coalition members and trying to persuade them to quit the [government]." In late December, it was reported in the Israeli press that Adelson had met with two ministers in Olmert's coalition government—Avidgor Liberman, of the right-wing Israel Beytenu Party, and Eli Yishai, of the ultra-Orthodox Shas Party—to try to persuade them to leave the coalition, a move that would likely bring down the Olmert government. In February, pamphlets were delivered to the synagogues attended by Shas voters throughout Israel, urging them to tell Yishai to leave the government. A spokesman for Shas said that the pamphlets were distributed by One Jerusalem, which is funded in part by Adelson (One Jerusalem denies involvement.) Liberman left the government in January. He said that he did not discuss his departure with Adelson and that he left following Annapolis, "when the government began negotiating with the Palestinians regarding core issues." Yishai remains, though he threatens to walk out if Olmert negotiates with the Palestinians about Jerusalem.

Israel Hayom seems to be thriving. A survey published in late January showed that it was gaining readers at the expense of paid-for publications. It is seeking to challenge *Yedioth Ahronoth*, Israel's largest daily, which calls itself "the paper of the country," both by competing directly and by forming an alliance with *Ha'aretz*, using *Ha'aretz's* printing and distribution systems. In April, the Israeli press reported that Adelson was once again negotiating with Nimrodi to buy *Ma'ariv*. Someone close to the Mozes family, which has owned *Yedioth* since Israel's independence, suggested that, if Adelson succeeds in buying *Ma'ariv*, *Yedioth* might have to go public, in order to have sufficient funds to compete against Adelson.

Adelson is also funding, with a \$4.5-million grant, a think tank, the Adelson Institute for Strategic Studies, at the right-leaning Shalem Center, in Jerusalem. Netanyahu allies are on its staff. Natan Sharansky, the chairman of One Jerusalem, also chairs the Adelson Institute. Sharansky helped organize a "Democracy and Security" conference last June, in Prague, which was attended by President Bush. Iran was a major topic of discussion. A month after the Prague conference, Adelson attended a fund-raising event at the C.A.A. talent agency, in Los Angeles, for Steven Emerson, an investigative journalist specializing in Islamic extremism and terrorism, who was showing a ten-minute trailer for a film he wanted to make. Emerson introduced Sheldon and Miriam to the overflow crowd in C.A.A.'s two-hundred-seat theatre, saying that they were his generous supporters. After Emerson's presentation, Pooya Dayanim, a Jewish-Iranian democracy activist based in Los Angeles, chatted with Adelson. Recalling their conversation, Dayanim observed that Adelson was dismissive of Reza Pahlevi, the son of the former Shah, who had participated in the Prague conference, because, Adelson said, "he doesn't want to attack Iran." According to Dayanim, Adelson referred to another Iranian dissident at the conference, Amir Abbas Fakhrahar, whom he said he would like to support, saying, "I like Fakhrahar because he says that, if we attack, the Iranian people will be ecstatic." Dayanim said that when he disputed that assumption Adelson responded, "I really don't care what happens to Iran. I am for Israel."

If Adelson were spending money in Israel only to advance his ideological aims, he might encounter greater resistance from those who think differently. But his philanthropy in the last couple of years—and the promise of much more to come—seems to have given him stature, and a kind of immunity. His close friend Arthur Marshall, a Las Vegas banker, assured me that, as a result of Adelson's philanthropy, "he may be bigger than the Rothschilds." In 2006, Sheldon and Miriam donated twenty-five million dollars to Yad Vashem, the Holocaust memorial, the largest donation from a private donor in its history. That year, an article in *Ha'aretz* stated that Adelson was creating a foundation that would give more than two hundred million dollars annually to Jewish causes. Recently, a person close to the foundation said, "There is no commitment that it will be two hundred million dollars a year—they will go project by project. And there is no real mission—there are hundreds of thousands of applicants, and the foundation will go through those applications." Still, the potential for mammoth grant-making engenders a great deal of good will.

Sheldon and Miriam Adelson have also donated thirty million dollars a year, for the last two years, to Taglit-Birthright Israel. Before Adelson decided to make his Birthright gift, Shimshon Shoshani, the organization's C.E.O.,

recalled, "He looked at every detail of the program—flight schedules, contracts, everything." Like many prospective donors, Adelson was asked to make his gift over a number of years, but he chose instead to go year by year. He became Birthright's single largest donor. In 2008, he provided about a third of its eighty-six-million-dollar annual budget. Birthright executives are hoping that he will donate thirty million dollars or more for 2009—but they are still waiting to hear his decision. There are hotel reservations to be made and plane tickets to be purchased for Birthright participants. "With Sheldon's approach—and with his being the biggest donor—you literally know you have the money just in time to start spending it," someone closely involved with Birthright said.

During the celebration of Israel's sixtieth birthday, in mid-May, Shimon Peres wanted to hold a conference that would be attended by leaders from around the world. "I know they had difficulties raising the money," a former Israeli official told me. "And time was short. So they realized they should talk to Sheldon." Adelson agreed to provide three million dollars; after that, conference organizers were able to raise the rest. That Adelson was supporting an event led by Peres—the man he had helped Netanyahu defeat in the momentous 1996 election—made him appear more ecumenical. He and Miriam were named honorary conference chairs, and a photograph of them was featured in the program for the Peres event, along with a message from them. Throughout the conference, Adelson was treated with deference, reflected in his place in the receiving line, his addressing the conference, and his seat next to President Peres. (He was also one seat away from Prime Minister Olmert; they shook hands but did not exchange a word.) At a formal dinner attended by more than a hundred senior officials of various Israeli and Jewish organizations, guests were offered the opportunity to tell Peres what they considered the biggest challenge facing the Jewish people. Adelson, according to *Ha'aretz*, declared, "I think Jews should have lots of sex. That is the solution to our demographic problem."

After Adelson addressed the conference, Nahum Barnea wrote in his column in *Yedioth Ahronoth*, "I saw a gambling tycoon from Las Vegas who bought my country's birthday with three million dollars. I thought with sorrow: Is the country worth so very little? Were the champagne, wine and sushi that were given out for free in the lobby—breaking convention for such events—worth the humiliation?" Barnea went on:

Adelson is a Jew who loves Israel. Like some other Jews who live at a safe distance from here, his love is great, passionate, smothering. It is important to him that he influences the policies, decisions, and compositions of the Israeli governments. He is not alone in this, either, even back in the days of Baron Rothschild, wealthy Jews from the Diaspora felt that this country lay in their pocket, alongside their wallet. Regrettably, in the latest generation, we are being led by politicians who look at these millionaires with calf's eyes.

In Israel, where political, academic, and business leaders tend to be outspoken, there is a striking reticence at the mention of Sheldon Adelson. Even people who are diametrically opposed to his politics refuse to be interviewed. "There is a discernible amount of self-censorship going on," the liberal Israeli-American writer Bernard Avishai said. "There is no ideological justification for what Sheldon is doing among the Israeli intelligentsia—and a revulsion at an American weighing in so heavily on Israeli politics, in such a crude, reactionary way. But they won't speak."

THE MARCH ON WASHINGTON

Lately, Adelson's interest in newspapers seems to have moved beyond Israel. He approached the Chicago-based real-estate magnate Sam Zell about a possible partnership in the Tribune Company, which Zell acquired last December. Zell politely declined. Several sources say that Adelson is interested in buying the *Las Vegas Review-Journal*. (The Stephens family, which owns the paper, said that he has not made an offer.)

Adelson would hardly be the first businessman to want to expand his political influence in this country by owning a newspaper. What makes his case seem more anomalous is the fact that in recent years Adelson's relationship with the press has been distinguished mainly by a marked readiness to sue. In 2005, the London *Daily Mail* published an article that described Adelson as, among other things, "the ruthless casino baron who rules Las Vegas." Adelson sued. Last March, the *Daily Mail* apologized to Adelson for serious errors in the piece, and Adelson won legal costs and substantial damages. (He donated the damages to a hospital.)

The outcome of the lawsuits he has filed in this country has been more mixed. In a column in April, 2006, the business editor of the *Las Vegas Sun*, Jeff Simpson, referring to a bid by Las Vegas Sands to build a project in

Singapore, estimated the company's odds of winning at 8 to 1. Simpson wrote, "The company's lawsuit-happy history and sorry Nevada regulatory record won't help," and referred to "a fine and regulatory costs after casino bosses rigged a 2002 contest" and "a laundry list of other serious violations." Las Vegas Sands sued the *Sun*, its publisher, Barbara Greenspun, and Simpson, claiming that the company had been libelled. The court dismissed the case. Las Vegas Sands amended its complaint; this, too, was dismissed.

Adelson filed a suit in December, 2005, against John L. Smith, a veteran reporter whose column is one of the most widely read in the *Las Vegas Review-Journal*. Earlier that year, Smith had published "Sharks in the Desert," a book about Las Vegas moguls. Adelson charged that Smith, his publisher, Barricade Books, and Lyle Stuart, the owner of Barricade, had libelled him in a couple of pages in the book. "Smith deceptively manipulates language, quotations, and sources in order to concoct the smear that Adelson had dealings with the Boston Mob when Adelson was in the vending machine business. Smith's claims are baseless," the lawsuit said. "Adelson, a pillar of the community known for his philanthropic endeavors, is not, and has never been affiliated with organized crime." Last October, on the eve of trial, Smith filed for bankruptcy, which caused the case to be stayed (Barricade Books also filed for bankruptcy; Lyle Stuart died last year.)

An article about the case and Smith's bankruptcy filing appeared in the *Review-Journal* on October 12, 2007. Smith explained that, after Adelson sued, Barricade inserted an errata sheet into unsold copies of the book, correcting errors that had led to the lawsuit. (The errata sheet said, in part, "No evidence exists that Adelson's early vending machine business activity was ever targeted by the Patriarca crime family or the Winter Hill Gang.") Smith noted, "I had agreed to publish in my column, which is read by far more people than ever read or will read the book, the most dramatic correction of my career. But whatever I agreed to do, they would then ask for more." In the same article, Adelson's attorney, Martin Singer, was quoted as saying, "We engaged in settlement negotiations with Mr. Smith in good faith. At the start of the negotiations we asked for \$1 and an apology. Separate and apart from that we offered to establish a \$200,000 medical fund for Mr. Smith's daughter whose condition Mr. Adelson learned about during the case. Mr. Smith turned down the trust and would not pay the dollar." (Smith's daughter, Amelia, now twelve, was given a diagnosis of a brain tumor three and a half years ago, and she has had multiple surgeries, radiation, and chemotherapy; her treatment is ongoing.)

In the *Review-Journal* article, Smith denied what Singer said about the dollar and an apology. "Mr. Adelson wanted to enter a judgment against me, which would have been the same thing as a decision that I had committed constitutional malice," Smith said. "This was not true, and I refused to agree to it." He added that he could not ethically accept the offer of the medical fund, which, he told me, was conditioned on his keeping it secret, even from his boss. In the article, the editor of the *Review-Journal*, Thomas Mitchell, pointing to litigation against both the *Sun* and Smith, said of Adelson, "This whole series of events is nothing more nor less than trying to coerce everyone in journalism to not write anything he doesn't like."

The *Review-Journal* published a response from Adelson to what he said were "unjustified malicious assaults" by Smith (in his book) and Mitchell (in the *Review-Journal* article). He described the book's errors at length and reiterated, "All I wanted was an apology, a retraction and \$1." He mentioned the two-hundred-thousand-dollar medical and educational fund. He also said, referring to Smith, "I had nothing to do with his bankruptcy." Adelson has filed a complaint in the bankruptcy case, to try to prevent any potential debt to him from being discharged, and to lift the stay in the libel case. Adelson is demanding at least fifteen million dollars in damages.

Adelson has not been shy about his new wealth. According to a guest at a reception in Washington a few years ago, Adelson remarked to President Bush, "You know, I am the richest Jew in the world." He also introduced himself that way to a former Israeli official recently. The investment banker Ken Moelis said that when he saw Adelson not long ago he was surprised to hear him refer to himself as "Sheldon Adelson III." "I said, 'I never realized your father was Sheldon Adelson II,' " Moelis recalled. "And he said, 'He wasn't! But I'm the third-richest American!'" Adelson has said that he is planning how he will become No. 1, bypassing Warren Buffett, the current No. 2, and Bill Gates (Gaming is not immune to the struggling economy: Las Vegas Sands lost \$11.2 million in the first quarter of 2008, and its stock is trading at about half what it was in September, 2007.) Adelson seems to enjoy talking about his planes, particularly his new Boeing 767, and he keeps models of them on display in his office at the Venetian. He sometimes uses the planes to make a generous gesture; he loaned one to his friend Abraham Foxman, the head of the Anti-Defamation League, when Foxman had to fly cross-country on short notice, and he provided a plane to the sick

daughter of a friend, to cheer her up. For Memorial Day weekend, he sent a plane to bring forty wounded Iraqi vets from the Walter Reed Army Medical Center, in Washington, to Las Vegas, and hosted them in the Venetian suites that are ordinarily reserved for high rollers. He and Miriam own houses in Malibu, Tel Aviv, and Boston; and two in the exclusive Summerlin neighborhood of Las Vegas—one is a residence, the other is used for entertaining. Last February, he hosted a fund-raiser for President Bush at his home in Summerlin (Bush stayed at the Venetian.)

The Adelsons seem not to take their power for granted. Recently, Miriam told an associate, "I had a CD on Islamic jihad. I brought it to the White House and told the chief of staff, 'I would like the President to see this.' It really is amazing that we have this influence." (The White House declined to comment.) Last December, Bush named Adelson to the Advisory Committee for Trade Policy and Negotiations to the U.S. Trade Representative. The representative, Susan Schwab, paid a visit to Adelson at the Venetian to discuss his appointment. Adelson's interest in the position is not purely academic. Discussing his appointment with the Associated Press, Adelson said that he hopes to influence China to ease controls on its yuan. If that currency's value were to increase against the dollar, it would mean that Chinese gamblers could spend more, both in Las Vegas and in Macao. "The floating of the yuan would be like a grand slam home run, World Series, Super Bowl, and N.B.A. championship game all packed in one for us," Adelson declared, adding, "We're the largest investor of any kind in the history of China." In early August, during the Olympic Games, Las Vegas Sands will launch the Adelson Center for U.S.-China Enterprise, in Beijing, which seems positioned to wield substantial influence. If you were an American businessman coming to China, the Sands's Bill Weidner testified at the Suen trial, "you might need a logistics partner to deliver your goods. You might need a manufacturer to manufacture your goods. You might need a law firm. You might need an accounting firm. Whatever it would take to get you involved in business in China, we would—the center would help arrange for you."

Macao was, indeed, the "brass ring" for Adelson. It enriched him almost beyond imagining, and has continued to expand his business vistas ever since. But it also coincided with his illness. He was first stricken on his flight home from Beijing in July, 2001, after the meeting in the Purple Light Pavilion. "It has affected his energy and focus—and also his perspective on life," a longtime acquaintance of Adelson's said. "He should have been the happiest guy in the world. But he was confronted by this twist of fate, that he had all this wealth and all this power, but he couldn't walk. . . . I think it made him feel that life was not fair to him."

A doctor who treated his peripheral neuropathy now works with the Adelson Medical Research Foundation. "The two problems are money and the willingness of scientists to collaborate," Adelson told the guests at the Woodrow Wilson International Center awards dinner, in March. "We provide the money, they provide the collaboration. . . . We have over one hundred scientists from dozens of institutions collaborating together." He mentioned research into neurodegenerative diseases, ovarian cancer, lymphoma, brain cancer, and melanoma. He described the effort as "this businessman's legacy in life."

As Adelson began to focus on the 2008 Presidential election, he apparently decided that his recent megabillionaire status would allow him to play a more prominent role than he had in the past. In early 2007, at a meeting in Florida of the Republican Jewish Coalition, Adelson and many of his allies resolved to create Freedom's Watch. As a nonprofit 501(C)(4), the organization can raise and spend unlimited amounts of money from wealthy individuals without any disclosure, if it can argue that it is promoting an issue, not a candidate.

Some conservatives have heralded Adelson as their answer to George Soros, the financier who has donated large sums to the liberal advocacy group MoveOn.org, and there were press reports that Adelson might spend two hundred million dollars on the 2008 elections. Last summer, Freedom's Watch spent fifteen million dollars on a nationwide ad campaign supporting the troop surge in Iraq, and in the fall it held a conference on radical Islam and Iran. But then Freedom's Watch seemed to recede, and, in April, articles in *Mother Jones* and the *Times* suggested that the organization had been so plagued by infighting, and by micromanaging on the part of its prime benefactor, Adelson—who since its inception had reportedly contributed some thirty million dollars—that it might not be a player in this fall's elections, after all. (The problems at Freedom's Watch are apparently not unique. One Republican consultant, after talking to members of a political organization that had received Adelson funding, said that he decided not to seek it for his group. "I don't want him telling me what to do every minute," the consultant told me.) In late April, however, Freedom's Watch reappeared, running ads against Democrats in special elections. And in its latest offensive, over Iraq-war funding, the organization has been targeting vulnerable Democrats—along with Representative Shelley Berkley, who holds one of the safest seats in the Nevada congressional delegation.

The Democratic Congressional Campaign Committee seems to be taking Freedom's Watch seriously. Last month, in special elections for congressional seats in Louisiana and Mississippi, the D.C.C.C. aired ads on Christian radio stations which linked the Republican candidates with Sheldon Adelson. In Mississippi, one ad asked why the Republican candidate Greg Davis was accepting support from "the world's No. 1 casino czar and one of atheist China's top American business partners." It referred to Adelson's Macao enterprises as investments "in a country that steals our jobs, persecutes Christians, uses forced labor, and forces women to have abortions." The Democrats won in both contests.

Adelson has also continued to support the Republican Jewish Coalition, which has assumed an aggressive posture in the Presidential elections. Even before Senator Barack Obama became the presumptive Democratic nominee, the R.J.C. had been attacking him, trying to deepen the anxiety that some Jewish voters feel about his commitment to Israel. (A disclosure: my husband, the former U.S. congressman Mel Levine, a Democrat, serves as a Middle East foreign-policy adviser to the Obama campaign.)

In late March, Senator John McCain held a fund-raiser in Las Vegas. When the event was being planned, McCain called MGM Mirage's Terry Lanni—who has been a strong supporter of McCain for twenty years, including during his 2000 run for the Presidency—and asked him to co-host the event with Adelson, at the Venetian. Lanni agreed to the favor. A third co-host was the Republican consultant Sig Rogich, another longtime McCain supporter, who has also worked for Adelson. Rogich told me that although Adelson had been an ardent backer of Rudy Giuliani, once McCain became the presumptive nominee Adelson said he would support him. Rogich said that McCain had been "cementing his relationship with Adelson further," and added, "All I've tried to do is make sure the two communicate well, and that he understands the passion John McCain has for the issues that are so important to Sheldon Adelson—first and foremost, Israel."

On the morning of May 24th, after a six-week trial, the jury in the Suen case in Clark County District Court returned a verdict against Sheldon Adelson and his company, of \$43.8 million. Adelson's lawyer, Rusty Hardin, said they would appeal. Meanwhile, another trial awaits the Sands, in Las Vegas in December; three co-plaintiffs, who say they served as middlemen in securing the Sands's Macao license, claim that they are owed five per cent of its Macao operations, and are suing for at least four hundred and fifty million dollars. (Two other cases have been filed by plaintiffs with similar allegations; one has been dismissed but is on appeal, and the other, which was filed in Tel Aviv, is awaiting a verdict. Las Vegas Sands says that the three suits are without merit.) In the Suen case, the jury's foreman said that the jurors decided in the first hour of deliberations that the plaintiff was owed money for having helped Adelson obtain the Macao license, and they spent the next nine hours trying to figure out what would be a fair sum. Suen had sued for a hundred million dollars; some jurors wanted to give him close to that, some much less, and they had compromised in the middle.

Adelson was a practiced witness. On the stand, he did not lash out, and only rarely tried to bully Suen's attorney, John O'Malley. He smiled genially in the direction of the jurors, noting that he had once been a court reporter and referring to his obedience to his wife ("Just like when my wife tells me to shut up, I shut up"). He was expansive in describing his climb out of poverty and his variegated business career. But under questioning by O'Malley about his claim to be a man of his word, for whom a handshake seals a deal, Adelson glowered, and launched into a recurrent refrain. "I know there's a perception in life that people who become financially successful do so by climbing up the broken backs of people whose backs they break, but . . . with the values that I grew up with, there's just no way that I—that any deal can be broken. . . . I never climbed up on . . . anybody's broken back," Adelson said. "I've earned every single thing. I came from poverty and now I'm considered one of the biggest philanthropists. . . . You know, business is such that if somebody does something wrong once, they get a reputation and people don't want to deal with them. But everybody wants to deal with me." ♦

PHOTOGRAPH MIKE CLARK/AFP/GETTY IMAGES

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On 01/05/2011, SA [redacted] ran UNI searches on the names Las Vegas Sands, Sheldon Adelson, [redacted] and [redacted] in the FBI's Sentinel database. These UNI searches returned negative results for new known Main Subject references on these particular names.

205-LV-42684-34

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 01/25/2011

To: Las Vegas

From: Las Vegas
Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Document receipt of [REDACTED] documents produced for the Securities and Exchange Commission (SEC).

Details: On 01/13/2011 and 01/14/2011, writer received documents bates stamped [REDACTED] produced by [REDACTED] to the SEC, pursuant to an SEC subpoena (non-grand jury). Writer received these documents via email from Department of Justice Trial Attorney Joey Lipton. These documents will be kept in an FD-340 1A envelope.

These documents were requested to be treated as confidential and non-public by [REDACTED] and are marked "FOIA Confidential Treatment Requested by [REDACTED]" Specific requests by [REDACTED] and his attorneys were specifically requested in the cover letter for the documents, a copy of which will also be kept in the 1A.

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UNCLASSIFIED

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205-LV-42684-35

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UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 02/07/2011

To: Las Vegas

From: Las Vegas
Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Document contact with the Nevada Gaming Control Board (NGCB) regarding the above-captioned investigation.

Details: On 02/03/2011, writer met with NGCB Agent [REDACTED] regarding the above-captioned investigation. Writer provided [REDACTED] with a verbal summary of the allegations against the Sands and the nature of the investigation to date.

[REDACTED] said the information was significant to the NGCB because the Las Vegas Sands Corp. is one of the largest gaming companies on the Las Vegas Strip, and criminal conduct on their part would have an adverse effect on their gaming licenses. Other jurisdictions in which they have gaming licenses, including Pennsylvania, Singapore and Macau, would also likely crack down on them if something happened in another jurisdiction. The NGCB will likely assign an agent to work with the FBI on the matter.

The NGCB would likely be able to obtain information regarding junkets or events attended at the Venetian and Palazzo in Las Vegas, to include information on flights, hotels, comps, and gaming activities.

[REDACTED] has a contact in Macau's anti-corruption unit, and the NGCB has agents who travel to Macau frequently. [REDACTED]

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205-LV-42484-36

UNCLASSIFIED

To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 02/07/2011

The NGCB likely has boxes of information regarding the Sands, mostly from their initial application for a Nevada gaming license. This information is available for the FBI to review, and official copies can be obtained through the Nevada Attorney General's Office.

[] advised that he is going to inform the former Director of Enforcement for the NGCB, who is currently a NGCB commissioner, of the FBI's investigation and the NGCB's interest in contributing to it.

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Writer and [] made arrangements to meet the following week to discuss the matter.

Writer submitted an FD-999 Assistance/Dissemination/Liaison Provided to Other Agencies form regarding this contact with the NGCB.

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UNCLASSIFIED

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 02/02/2011

To: Las Vegas

From: Las Vegas

Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Update information to the file regarding a case strategy conference call and contact with the local USAO.

Details: On 02/02/2011, a conference call was held to discuss the above-captioned investigation. Participating in the conference call were FBI SA's [REDACTED] and [REDACTED]

[REDACTED] attorneys [REDACTED] and [REDACTED] and DOJ Trial Attorney Joey Lipton. Case strategy and the next investigative steps were discussed and agreed to by the participants.

On 02/03/2011, Lipton advised that he needed to reach out to the local United States Attorney's Office to get a point of contact there in case we need anything done locally with DOJ as this investigation goes forward. SA [REDACTED] informed Lipton that he should reach out to First Assistant United States Attorney [REDACTED] to arrange for such a contact. Lipton advised that he would do so, and inform SA [REDACTED] of the results.

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UNCLASSIFIED

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205-LV-42684-37

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 02/07/2011

On 02/03/2011, SA [] spoke telephonically with [] an attorney with Campbell & Williams, 700 South 7th Street, Las Vegas, Nevada, 89101, telephone []. [] had SA [] on speaker phone during the conversation. Also in the room with [] was his law partner, []. SA [] informed [] that the nature of the interview pertained to his current client [] and his former clients []. After being advised of the identity of the interviewing agent, [] provided the following information:

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(Writer's Note: [] filed a civil lawsuit against the Las Vegas Sands Corp. ("Sands") on behalf of [] and [] for lack of payment regarding the help they provided the Sands in obtaining its Macau gaming concession).

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[] and [] probably wouldn't have a problem talking with the FBI about their experiences with the Sands and about any possible Foreign Corrupt Practices Act (FCPA) violations they may have witnessed. However, they likely would not have any information on any FCPA violations. When [] took their case against the Sands, he talked with [] and [] about any possible FCPA violations they may have witnessed while working for the Sands in Macau. They emphatically told [] that they had neither seen nor participated in any payoffs to government officials.

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[] and [] started their attempts to get gaming concessions from the Macau government in the early 1990's. Since that time, they have represented numerous gaming companies in that endeavor, including the MGM. After the Sands hired them to help obtain a gaming concession, [] and [] provided the Sands advice on the steps to take to get the concession, how to make their presentations, and which Chinese companies to partner with. [] and [] were never paid a dime by the Sands until [] successfully settled their lawsuit in November 2009.

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The main guy in the group was [] who was a former rocket scientist at the Lawrence Livermore laboratory who subsequently earned his MBA. [] was a former senior partner for

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43047-11

Investigation on 02/07/2011 at Las Vegas, NV (telephonically)File # 205-LV-42684Date dictated 02/07/2011b6
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by SA []

205-LV-42684-38

205-LV-42684

Continuation of FD-302 of [REDACTED], On 02/07/2011, Page 2

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[REDACTED] They live in the U.S., but still spend quite a bit of time in Asia. They are working on a new project in Japan, the details of which they declined to share with [REDACTED]

An interview with [REDACTED] was published yesterday in a Macau newspaper in which [REDACTED] makes references to [REDACTED]. [REDACTED] will forward SA [REDACTED] a link to this story via email. A printed copy of this article will be kept in an FD-340 1A envelope.

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The Sand's attorney in their defense of [REDACTED] civil suit is named [REDACTED] is based in Los Angeles and has a reputation of being very nasty to deal with. On behalf of the Venetian, [REDACTED] has demanded that [REDACTED] return any and all documents he retained from his time of employment by the Sands. [REDACTED] anticipates that [REDACTED] and the Sands are going to try to sue [REDACTED] over his possession of these documents.

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FD-999
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01-20-2011

FEDERAL BUREAU OF INVESTIGATION
ASSISTANCE/DISSEMINATION/LIAISON PROVIDED TO OTHER AGENCIES

Type of Contact:

Record of Dissemination of Information to Other Agencies

Date:

02/07/2011

Dissemination To:

Domestic AgencyCheck LEC: ☐ Office of Law Enforcement Coordinationor Select a Division/Field Office (Show Legats? ☐):

Select the Responsible Division/Field Office:

Las Vegas

Program:

Public Corruption**DOMESTIC AGENCY RECEIVING DISSEMINATION**

Agency Type:

State Agency

Contact Name: (Last, First, Middle)

Title/Rank:

Agent

Agency Name:

Nevada Gaming Control Board

Agency Address:

Work Phone:

Cell Phone:

E-mail Address:

Type of Contact:

☐ Telephonic☐ Email☒ Meeting☐ Conference☐ Note☐ Fax

Date of Interaction:

02/03/2011**DETAILS OF DISSEMINATION**

Dissemination Specifics:

Examples: "Prosecution of a local case.", "Requested by Sheriff's Office.", "Relates to another agency matter."

Provided information regarding an FBI investigation that is of interest to their agency, and requested assistance.

Date of Dissemination:

02/03/2011

Ongoing Dissemination / One Time Dissemination:

Until the conclusion of the investigation.

☒ Ongoing ☐ One-time☒ Oral ☐ Written

Short Description of Information Disseminated:

For example: Interview 302s, Case Files, etc.

Provided verbal case summary of below case.

List All Associated Case Files. If the dissemination is ongoing and information is disseminated from case files other than these, a new FD-999 should be completed.

If information was disseminated from more than one serial in the same case file, all serial numbers may be listed in one Associated Serial Number field. (i.e. "1, 5, 11, 35") If dissemination is ongoing, list all serials which have been disseminated as of the date of this report and end the entry with "and future serials".

Associated Case ID:

205-LV-42684

Associated Serial Number:

36**205-LV-42684 #39****ADMINISTRATIVE**

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FBI Employee Reporting the Dissemination

Name:

 (LV) (FBI)

(Enter the Last Name, First Name and click the Find button.)

Email:

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Disseminated By:

☒ Same as FBI Employee Reporting the Dissemination

Name:

 (LV) (FBI)

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Squad/Unit/RA:

13

Classification:

☒ Unclassified ☐ Confidential ☐ Secret

Dissemination controls:

☐ NOFORN ☐ ORCON ☐ FOUO ☐ PROPIN ☐ LES ☐ RELIDO ☐ FISA☐ FGI ☐ REL TO☐ Edit Classification Text

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Date: _____

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Comments:

(before hitting the reject button, fill in this field with information on why the form was rejected)

Case ID:

Case ID:	Uploaded:	Serial:
	<input type="checkbox"/>	
205-LV-42684	<input checked="" type="checkbox"/>	39

Author:

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ATTACHMENTS

Upload to ACS

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Description:

Attachment:

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File Attachment

Case ID:

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[redacted]

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From: Lipton, Joseph [redacted]
Sent: Tuesday, February 08, 2011 5:23 AM
To: [redacted]
Subject: FW: Las Vegas Sands [redacted]

FYI – from [redacted]

From: [redacted] [mailto:[redacted]]
Sent: Friday, February 04, 2011 7:38 PM
To: Lipton, Joseph
Subject: Las Vegas Sands [redacted]

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Joey,

I talked to [redacted] who gave me the name of the general's daughter [redacted] I added the requests related to [redacted] to the subpoena. I'm pretty sure they're in the version I sent to you the other day.

[redacted] was also willing to share with us the contact information he has for some of the ex-employees we want to interview. I've put that information below.

Interestingly, [redacted] also told me [redacted] is apparently filing a libel suit in Macau against Las Vegas Sands. He said that will get me more details on that as he learns more about it.

Thanks.

[redacted]

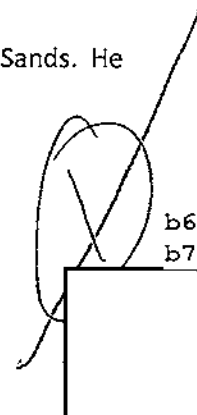
Contact information:

[redacted] (Cell phone number)

[redacted] (cell); [redacted] (office)

[redacted]

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✓
V205-LV-42684-40 [redacted]

(Reuters) - Late last autumn, a Hong Kong jury convicted four men of a conspiracy to commit bodily harm and a fifth of soliciting a murder.

At first, the men had been ordered to break the arms and legs of a dealer at Sands Macau suspected of helping a patron cheat millions of dollars from the business. Later, a call went out to murder the dealer, court records show. But then one of the gangsters balked and reported the plans to authorities.

The plot's mastermind, according to testimony in previously undisclosed court transcripts obtained by Reuters, was Cheung Chi-tai. At trial a witness identified Cheung as a leader of the Wo Hop To -- one of the organized crime groups in the region known as triads. Another witness, a senior inspector with the Hong Kong police called to testify because he is an expert on the triads, identified Cheung by name as someone who would commit crimes for money. Cheung's organized crime affiliation was corroborated in interviews for this article with law enforcement and security officials intimately familiar with the gaming industry in Macau.

The murder-for-hire case sheds light on the links between China's secretive triad societies and Macau's booming gambling industry. It also raises potentially troubling questions about one of the world's largest gaming companies, Las Vegas Sands, which plans to open a \$5.5 billion Singapore casino resort in late April.

Cheung was not just named as a triad member but also, according to a regular casino patron testifying in the trial, "the person in charge" of one of the VIP rooms at the Sands Macau, the first of three casinos run here by Las Vegas Sands. In addition, Cheung has been a major investor in the Neptune Group, a publicly traded company involved in casino junkets -- the middlemen who bring wealthy clients to Macau's gambling halls. Documents show that his investment allowed him a share in the profits from a VIP gambling room at the casino.

An examination of Hong Kong court records, U.S. depositions from the former president of Sands, and interviews with law enforcement and security officials in both the U.S. and Macau, reveals a connection between Las Vegas Sands and Cheung -- ties that could potentially put Sands in violation of Nevada gaming laws.

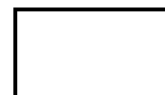
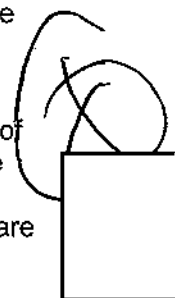
The Reuters investigation is a collaboration with the Investigative Reporting Program at University of California, Berkeley.

U.S. casinos operating in Macau are all headquartered in Nevada and must comply with that state's laws which prohibit "unsuitable" associations that "discredit" its gaming industry. Those laws are meant to keep organized crime figures out of the casinos.

Leading up to its public offering in Hong Kong last November, Sands China, a subsidiary of Las Vegas Sands, acknowledged the risks of working with gaming promoters -- another term for junkets: "If we are unable to ensure high standards of probity and integrity of our Gaming Promoters with whom we are associated, our reputation may suffer or we may be subject to sanctions, including the loss of (Sands' Macau gaming license)," the company wrote in a public filing.

Randall Sayre, a member of the Nevada Gaming Control Board that monitors casino compliance, declined to comment specifically on Sands Macau, writing in an email that the state "takes no public position on suitability ... without a full investigative work-up."

A gaming official, who insisted upon anonymity, said, "This relationship (with Cheung) would be of concern to Nevada authorities. You're talking about direct ties to bad guys." Another said the agency is monitoring the situation.



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Las Vegas Sands issued a statement saying, "to our knowledge, Mr. Cheung Chi Tai is not listed as a director or shareholder" with any of the gaming promoters the company uses in Macau, but declined to comment further.

Sands was the first U.S. operator to cash in on the Chinese passion for gambling when it entered Macau in 2004 after the government opened the casino market to outsiders.

Since reverting to China in 1999, Macau, an hour away from Hong Kong by ferry, has flourished as one of the world's wealthiest cities. The territory's economy has soared in recent years -- much of the wealth generated by the enclave's casinos.

Indeed, the former Portuguese colony has become a playground for China's nouveau riche. And the gleaming neon red lights of the Sands Macau casino are the first sights a visitor takes in as the ferry approaches Macau.

THE JUNKETS

The link between Macau's gambling industry and organized crime may be an open secret, but it has come under increasing scrutiny lately. Within the last two weeks, MGM Mirage said it would give up its holdings in New Jersey in response to pressure from the New Jersey Division of Gaming Enforcement. The state agency had said that Pansy Ho, MGM Mirage's partner in Macau and the daughter of casino tycoon Stanley Ho, was an "unsuitable" associate, an assertion stemming from the agency's belief that her father has links to organized crime.

The involvement of the triads in Macau's casinos is centered on the murky and highly profitable junket business. The VIP sector brought in \$9.9 billion last year, two-thirds of the enclave's total gambling revenues.

Macau has about 187 licensed junket operators, said Manuel Joaquim das Neves, director of Macau's Gaming Inspection and Coordination Bureau.

The junkets are crucial because they ensure the flow of capital by extending credit to gamblers, often millions of dollars on a visit. They assume responsibility for collecting on their loans -- at times indelicately, authorities say.

They also often assume management of the private VIP rooms. And while many law-abiding junkets are active in Macau, experts say the industry is highly susceptible to criminal influence given the extra-legal functions and opaque environments in which they work.

In an interview, Dan Grove, a former agent for the FBI who oversaw security for Sands Macau in the first few years after its opening -- and before the casino became involved in junkets -- characterized pressure from triads to work with the casino as "immense."

When known crime figures applied directly for contracts, blocking them was easy, Grove says. But if legitimate professionals submit applications and then sub-contract the work to the triads, detecting such ties was more difficult if not impossible.

JUMBO BOOM

Cheung Chi-tai's ties to Sands Macau came through such a multi-tiered arrangement. His solely owned company, Jumbo Boom Holdings, provided capital for another firm, now called Neptune Group, to acquire a stake in Hou Wan, a junket operator. Hou Wan was entitled to profits from Sands Macau's Chengdu VIP room.

Cheung owned more than 8 percent of Neptune Group in 2008, according to public filings with the Hong Kong stock exchange. That made him a substantial shareholder when the call for the dealer's murder went out.

When asked about Cheung, Nicholas Niglio, Neptune's chief operating officer, said: "I'm not familiar with him at all."

After a reporter showed him Neptune's 2008 annual report listing the firm's substantial shareholders, including Cheung, Niglio declined to respond specifically. Cheung does not appear in Neptune's 2009 annual report.

Niglio said Neptune wasn't a junket itself but invests in VIP junkets that operate at the Sands Macau, the Venetian Macau and Galaxy Entertainment's StarWorld casinos. He said Neptune now had a 20 percent stake in Hou Wan, a junket operator that runs around 20 VIP tables at the Sands Macau.

In Neptune's public filings three years ago, Cheung was described as a "merchant in Hong Kong" whose company "generally does not engage in underwriting business and has no underwriting experience as at the date of this announcement."

While Niglio described Neptune merely as an "investor" in junkets, trial testimony placed Cheung inside the casino's private room.

According to testimony by Siu Yun-ping, aka the "God of Gambling", who won about HK\$100 million (\$12.9 million) between August 2007 and January 2008 at various casinos, Cheung was "the person in charge" of the Chengdu Hall, one of the VIP rooms that Siu frequented.

Las Vegas Sands, however, has said it maintains management of all its VIP rooms, though it acknowledges working with gaming promoters to attract customers.

FRIGHTENED AWAY FROM THE SANDS

A triad member turned informant named Lau Ming-yee testified that he, and the five men who would be convicted of engaging in triad activities, referred to Cheung as "the boss."

Cheung, however, didn't appear in court and was not charged. Hong Kong police declined to answer detailed inquiries on why this was so. In an emailed response, authorities acknowledged only that a 49-year-old man surnamed Cheung was arrested in connection with the case but "released after legal advice was sought due to insufficient evidence."

Attempts to determine Cheung's current whereabouts with the Hong Kong police and U.S. gambling industry sources in Macau were unsuccessful.

The judge in last year's murder-for-hire case, Madame Verina Bokhary, said in passing sentence that, "I bear in mind of course that, behind the scenes, there is a person or are persons even more blameworthy than any of them."

In the summaries of the trial called "particulars of offense" the judge identified Cheung by his Cantonese nickname, "Tsang Pau," or "explosive money maker."

Siu, the "God of Gambling" suspected of colluding with the dealer at the Sands Macau, testified that he had been attacked, his house had been set aflame and that his son had received threatening phone calls. "As a result of Tsang Pau (Cheung), he (the witness) was frightened away from the Sands Casino," according to the judge's summary.

Macau's regulator Neves acknowledges that the junket business in Macau has links to organized crime, though he says it is less prevalent and more under control than in the past.

"This kind of business certainly involves people related to organized crime," he said. "That's why we established the license for just a year. Every year, they (the junket operators) must renew the license."

Asked specifically about whether Macau will strip the license from a casino operator if the regulators discover that it is hiring a junket operator with links to organized crime, Neves said: "It's separate. In principle, it doesn't affect the concessionaires."

Neves said he was informed by police of Cheung's alleged role in the murder-for-hire case. But he described the accusations against Cheung as "rumors" and said without formal charges being brought against him, he would be free to continue to operate in Macau.

"If he (was) condemned by the Hong Kong court ... if he was arrested and condemned ... we wouldn't allow him to run the junket," he said. "In this kind of case we must deal very carefully ... Sometimes if we use this (rumor) to deny the license, he can put us in court."

Unlike Las Vegas, where casinos tend to have direct relationships with their VIP customers, Macau's casinos rely on junket operators to bring them the majority of their high rollers, who might easily lose US\$1 million in an evening.

THE \$64,000 BET

On a late Friday night in February, gamblers were exchanging wads of golden one thousand Hong Kong dollar banknotes (\$130) for expensive chips in the exclusive and restricted VIP gaming rooms of the Sands Macau.

The labyrinth of rooms -- decorated with classical Greek columns, Italian marble and chandeliers -- were largely filled with mainland Chinese clients at high-stakes Baccarat tables.

The atmosphere was smoky, hushed and privileged, as casino employees kept watch. The rooms seemed a world removed from the mass market gaming floors below.

At the "Luoyang" room, named after a gritty Chinese city, most gamblers were Mandarin-speaking mainland Chinese, who constitute more than half of Macau's VIP gamblers. As two Reuters reporters looked on, a middle-aged woman with diamond bracelets staked a single HK\$500,000 (\$64,440) bet -- and shrugged off the loss.

A supervisor of the VIP floor and several employees said the Chengdu hall - the room that Cheung Chi-tai ran, according to the court testimony -- has been renamed.

Most VIP gambling in Macau is leveraged: gamblers usually bet more than their cash on hand. This is particularly true of mainland Chinese high-rollers who, because of Beijing's strict capital controls, are limited to carrying the equivalent of US\$5,000 in renminbi per trip when they leave China. Macau's six publicly listed casino operators lend to only a small minority of their patrons, according to company filings. That is because collection of gambling debt is illegal in China and Macau forbids casinos from writing off their bad or uncollectible debts.

Concerned that junkets with possible links to organized crime could harm their businesses, some U.S. casino executives were reluctant to enter Macau. Harrah's Entertainment Inc., the world's largest casino operator, decided not to bid for a gaming concession there. Michael Chen, Harrah's president for Asia, said in an interview with Reuters last year that the company worried that its regulators around the world would not permit it to run casinos in Macau.

That issue was front and center in the official report released by New Jersey gaming regulators in mid-March regarding MGM Mirage's partnership with Pansy Ho. Regulators cited the junket influence within her father's VIP rooms as a prime concern. "The VIP rooms in (Stanley Ho's) casinos provided organized crime the entry into the Macau gaming market that it had previously lacked," the report said.

When Sands first won a license in Macau in 2002, it was paired with Hong Kong-based casino operator Galaxy Entertainment Group, but the U.S. company ultimately ended the arrangement. William Weidner, the former president of Sands, in a deposition for an unrelated Nevada court case

in 2007, cited Galaxy's intent to run the VIP rooms in the traditional Macau style as one of the reasons for the split.

"These guys want to do VIP rooms the way they ... do them in Macau where the ... triad guys run them because they're the only ones that can grant and collect credit in mainland China, and they smuggle the renminbi across the border," he said. "I can't do that business. That's the way they want to do it, so I can't do it."

Sands' major competitor, Wynn Resorts, said the company would decline its Macau gaming concession if it was barred from extending credit and collecting debts directly in an effort to avoid the junket system, according to company filings.

But the U.S. companies realized soon enough that they could not compete with local casinos without junkets.

China's high rollers tend to prefer the personal, informal relationships of the junkets, experts say, and often demand a level of anonymity incompatible with the credit applications required by the casinos.

LOWER PROFILE

While triads remain active in Hong Kong, the gangs have burrowed deeper into mainland China including cities like Chongqing and retain a strong imprint in Macau. The triads are believed to have originated as a rebel grouping in the early Qing Dynasty formed to help overthrow the Manchu regime.

Ko-lin Chin, a professor at Rutgers University and one of the foremost experts on Asian organized crime, disputes the regulator's contention that the triads are less prevalent in Macau. But he said they do keep a lower profile than before internationally owned casinos entered the market and revenues grew from \$2.26 billion to \$15 billion today.

Even if crime groups are involved in the junket business, he says, with the casinos making so much money, the government reaping huge taxes, and the citizens of Macau enjoying full employment, there is scant political will to remove them.

"No one wants to crash the party," he said. "This is a feel-good story."

(Reporting by Reuters in Macau and Hong Kong and Matt Isaacs in San Francisco and Las Vegas, editing by Lowell Bergman, Jim Impoco and Claudia Parsons)

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/09/2010

On December 7, 2010, and again on January 19, 2011, [redacted] a white male, Social Security account number [redacted] date of birth [redacted] home address [redacted] alternate address [redacted] was interviewed in a conference room at an office of the U.S. Department of Justice (DOJ) located at 1400 New York Avenue NW, Washington, D.C., 20005. Attorney [redacted] of Dewey & LeBoeuf LLP, 1301 Avenue of the Americas, New York, NY, 10019, telephone number [redacted] email address [redacted] was present during both interviews as legal representation for [redacted]

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In addition to FBI Special Agents [redacted] and [redacted] present during both interviews were DOJ Trial Attorney Joey Lipton and [redacted]. Participating via conference call during the first interview was [redacted] of [redacted] participated in the second interview in person. DOJ Fraud Section Assistant Chief [redacted] was present during the first interview, but not the second. [redacted] and [redacted] acknowledged [redacted]

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[redacted]

[redacted]

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[redacted]

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Prior to the first interview, [redacted]

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Investigation on 12/07/2010 at Washington, D.C.File # 205-LV-42684Date dictated 12/09/2010by SA [redacted]
SA [redacted]b6
b7C

205-LV-42684-43

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 02/09/2011

On 02/09/2011, [] an attorney with Campbell & Williams, 700 South 7th Street, Las Vegas, Nevada, 89101, telephone [] telephonically contacted SA [] [] advised that the nature of the call pertained to his client, [] Having been previously advised of the identity of the interviewing agent, [] provided the following information:

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[] confronted a physical surveillance on himself earlier this afternoon. At approximately 12:15 p.m. EST, [] confronted a white male of unknown identity (UM-1) in a new red pick-up truck in front of [] house at [] The red pick-up truck had paper license plates, from which [] was unable to note any identifying numbers. UM-1 contacted someone on [] street prior to the confrontation, and asked them if this was where [] lived. [] attempted to chase UM-1 as he drove away, but lost him.

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SA [] advised [] that should [] feel that he is being stalked by anyone in the future, [] should call 911 and ask for local police assistance.

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Investigation on 02/09/2011 at Las Vegas, NV (telephonic [])File # 205-LV-42684Date dictated 02/09/2011

by SA []

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FEDERAL BUREAU OF INVESTIGATION
**ASSISTANCE/DISSEMINATION/LIAISON PROVIDED TO OTHER
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Type of Contact:

Record of Dissemination of Information to Other Agencies

Date:

02/17/2011

Dissemination To:

Domestic AgencyCheck LEC: ☐ Office of Law Enforcement Coordinationor Select a Division/Field Office (Show Legats? ☐):

Select the Responsible Division/Field Office:

Las Vegas

Program:

WCC-PC**DOMESTIC AGENCY RECEIVING DISSEMINATION**

Agency Type:

State Agency

Contact Name: (Last, First, Middle)

Agency Name:

Nevada Gaming Control Board

Work Phone:

E-mail Address:

Title/Rank:

Chairman

Agency Address:

Cell Phone:

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Type of Contact:

☐ Telephonic☐ Email☒ Meeting☐ Conference☐ Note☐ Fax

Date of Interaction:

02/16/2011**DETAILS OF DISSEMINATION**

Dissemination Specifics:

Examples: "Prosecution of a local case.", "Requested by Sheriff's Office.", "Relates to another agency matter."

Case briefing

Date of Dissemination:

02/16/2011

Ongoing Dissemination / One

Time Dissemination:

Until the conclusion of the investigation.☒ Ongoing ☐ One-time☒ Oral ☐ Written

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Short Description of Information Disseminated:

*For example: Interview 302s, Case Files, etc.***A verbal briefing on the entirety of the case was provided.***List All Associated Case Files. If the dissemination is ongoing and information is disseminated from case files other than these, a new FD-999 should be completed.**If information was disseminated from more than one serial in the same case file, all serial numbers may be listed in one Associated Serial Number field. (i.e. "1, 5, 11, 35") If dissemination is ongoing, list all serials which have been disseminated as of the date of this report and end the entry with "and future serials".*

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205-LV-42684

Associated Serial Number:

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**205-LV-42684
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☒ Same as FBI Employee Reporting the Dissemination

Name: (LV) (FBI)
(Enter the Last Name, First Name and click the Find button.)

Email:

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Squad/Unit/RA:
13

Classification:

☒ Unclassified ☐ Confidential ☐ Secret

Dissemination controls:

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☐ FGI ☐ REL TO

☐ Edit Classification Text

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Name: (LV) (FBI)
(Enter the Last Name, First Name and click the Find button.)

Email:

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Signature: _____ Date: _____

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Case ID:

Case ID:	Uploaded:	Serial:
	<input type="checkbox"/>	
205-LV-42684	<input checked="" type="checkbox"/>	45

Author:

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ATTACHMENTS

Upload to ACS

☒ Description:

Attachment:

☐

☒ File Attachment

Case ID: Serial Num:

GRANT ACCESS TO

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Last Name, First Name

*(Enter the Last Name, First Name and click the **Find** button.)*

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Jacobs' litigation heats up Las Vegas Sands Corp. Macau

Posted by **John L. Smith**

Sunday, Feb. 13, 2011 at 09:58 AM

While attorneys for former Las Vegas Sands Corp. Macau president Steve Jacobs and the powerful gaming giant continue to skirmish over jurisdiction in court filings, facts and allegations are emerging in documents that are bound to keep Nevada's Gaming Control Board intrigued.

Jacobs was hired as a consultant for LVSC in March 2009. He was appointed president of Sands Macau operations that May and signed paperwork "memorializing the terms of his employment with LVSC in August 2009," according to the plaintiff's motion in opposition of Sands China Ltd.'s motion to dismiss for lack of personal jurisdiction filed Feb. 9 in District Court. Jacobs was then awarded the title "President and Chief Executive Officer of SCL."

A trial judge will decide the jurisdictional issues in the case, and so far reporters seem more interested in the potentially embarrassing email of Sands executives about company founder Sheldon Adelson, which I found pretty uninteresting.

But other issues are popping up like brushfire for Las Vegas Sands Corp. Among them, according to Jacobs' affidavit:

"- Adelson's direction to me to have investigative reports prepared on Macau government officials as well as certain junket representatives reputed to have ties to Chinese gangs known as Triads;

"- Adelson's demands that I use improper "leverage" against senior government officials of Macau in order to obtain Strata-Title for the Four Seasons Apartments in Macau;

"- Adelson's demands that I threaten to withhold SCL business from prominent Chinese banks unless they agreed to use influence with the newly-elected senior government officials of Macau in order to obtain Strata-Title for the Four Seasons Apartments and favorable treatment with regards to labor quotas and table limits;

"- Adelson's demands that SCL continue to use the legal services of Macau attorney Leonel Alves despite concerns that Mr. Alves' retention posed serious risks under the criminal provisions of the United States code commonly known as the Foreign Corrupt Practices Act ("FCPA").


The Jacobs litigation is also revealing the massive cash courier service quietly provided by SCL and LVSC. Some \$68 million in player cash, according to the company's own documents, has been flown from Asia to Las Vegas.


Writes Jacobs, "Upon information and belief, these funds total tens of millions of dollars and may then (be) used for a variety of purposes, including as cash advances for customers to spend when they arrive in Nevada, to re-pay past debts incurred at LVSC's Las Vegas properties, or for the benefit of authorized persons other than the transferee."

"Authorized persons other than the transferee?"

Casino customers with heavy cash must fill out the appropriate federal tax documentation or risk running afoul of this country's money laundering statutes. The state also has strict guidelines every casino is well schooled in.

Executives using gaming licensee jets to bring millions from Macau or Singapore into the country would surely


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know the laws and follow them to the letter, wouldn't they?

Exhibit 9 in the submission of Jacobs' attorneys Donald Campbell and Colby Williams is a spicy exchange of letters from Campbell and Sands China Ltd. Attorney Patricia Glaser of the Los Angeles firm Glaser, Well, Fink, Jacobs, Howard & Shapiro.

Glaser wrote a letter dated Nov. 23, 2010 demanding the immediate return of reports authored by Steve Vickers of International Risk Ltd.

Who is Steve Vickers?

He's the chairman of FTI-International Risk, a company he created in 2000 at a time Macau was completing its transition from Portuguese to Chinese control.

According to his biography, "During the past 18 years, he has conducted numerous sensitive business intelligence projects, major financial investigations, international asset searches and risk management assessments. He has also led a number of crisis management teams faced with financial or other significant threats to multi-national corporations."

And when they talk of "crisis management" in that part of Asia, they do mean crisis.

To say the least, Vickers didn't gain his experience in an academic setting. He spent 18 years with the Royal Hong Kong Police Force and was the commander of its Criminal Intelligence Bureau before retiring with the rank of Senior Superintendent of Police.

What kept the CIB busy during Vickers' tenure?

Keeping tabs on the Chinese triads and other organized crime groups that held a grip on Hong Kong and Macau. In addition to taking down a long lineup of triad hoodlums, Vickers handled 28 kidnappings, some of them stretching from Hong Kong to halfway around the world.

Vickers' expertise would be invaluable in several areas, but most certainly he would be the man to see if you were a casino tycoon navigating through shark-infested waters in Macau.

In addition to the entertaining joust and parry between Glaser and Campbell, one important element emerges in their exchange: Glaser is extremely motivated to have returned from Jacobs the original and all copies of Vickers' background reports on "certain Macau government officials, as well as the two reports relating to the background investigations of Cheung Chi Tai and Heung Wah Kong."

The identities of the Macau government officials aren't revealed in the letters. And Vickers' investigative reports aren't included among the lengthy list of exhibits.

But it's not difficult to obtain the identity of Cheung Chi Tai and Heung Wah Kong. Thanks to a **groundbreaking article** by Matt Isaacs and Reuters reporters, Cheung not only has been identified as a leader of the Wo Hop To triad clan, but also as "the person in charge" of one of the VIP rooms at the Sands Macau. Cheung was convicted in Hong Kong in 2009 in a case involving a conspiracy to commit bodily harm and solicitation of murder. Men were ordered to break the arms and legs of a Sands Macau dealer suspected of participating in a multimillion-dollar casino-cheating scheme.

"The murder-for-hire case sheds light on the links between China's secretive triad societies and Macau's booming gambling industry," the article states. "It also raises potentially troubling questions about one of the world's largest gaming companies, Las Vegas Sands, which plans to open a \$5.5 billion Singapore casino resort in late April."

In Nevada, the Gaming Control Board has acknowledged that it attempts to monitor, when appropriate, the activity of Nevada casino licensees who do business there.

Documents showed Cheung received a share of the profits from the casino VIP room he controlled, according

to Reuters.

Meanwhile, Heung Wah Keung (not Kong) ranks as one of the most colorful characters ever to be associated with the Chinese triads. He is better known as Charles Heung, international high roller and actor-turned-film producer and director. Heung plays for millions at Asian casinos and in Las Vegas, where his historical triad associations have never prevented him from being treated like a king on the Strip. He often arrives in Las Vegas in time for Chinese New Year festivities on the Strip.

The content of the Vickers investigative reports would surely provided compelling reading for Gaming Control Board investigators and curious columnists as well.

Find this article at:

http://www.lvrj.com/blogs/smith/Jacobs_litigation_heats_up_Las_Vegas_Sands_Corp_Macau.html

☐ Check the box to include the list of links referenced in the article.

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Las Vegas Sun

Legal battle heats up between Las Vegas Sands, fired Macau executive

By **Steve Green (contact)**

Friday, Feb. 11, 2011 | 12:54 p.m.

Sensitive internal e-mails.

Allegations that secret company information was stolen.

Suggestions Nevada gaming regulators should be interested in allegations of wrongdoing against a Nevada gaming licensee in China.

These are the latest pieces of information to surface in the lawsuit between Las Vegas Sands Corp. and its fired CEO in Macau, Steve Jacobs.

Jacobs, who was fired for cause in July as CEO of Sands China Ltd., retaliated with a lawsuit against Las Vegas Sands in Clark County District Court in Las Vegas charging he was terminated over disputes with Las Vegas Sands Chairman and CEO Sheldon Adelson -- including Jacobs' resistance to Adelson's alleged demands that he engage in illegal activity.

Sands fired back in December, saying Jacobs was let go for working on unauthorized deals and multiple violations of company policy. Sands, in its response, asked that the lawsuit be dismissed because it maintains any disputes between it and Jacobs must be resolved in the courts of Macau.

Attorneys for Jacobs responded this week, saying Nevada is the appropriate forum for resolution of the dispute since Sands China is controlled by Adelson from his offices at the Venetian resort on the Las Vegas Strip.

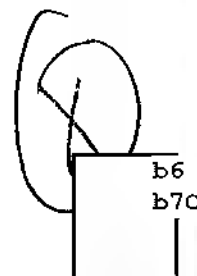
To back that up, Jacobs' attorneys filed scores of documents showing Sands China conducts substantial business out of Las Vegas.

One e-mail, for instance, shows Sands President Michael Leven advising Jacobs that in order to get Adelson to sign off on a deal with Caesars Entertainment Corp. of Las Vegas that would involve Caesars expanding its presence in Macau, Adelson would need to think the idea came from him, Adelson, at the suggestion of Caesars CEO Gary Loveman.

In this May 11, 2010, e-mail, "sga" means Sheldon Gary Adelson. "genii" apparently means geniuses.

"If you want to get it, let Gary Loveman to suggest it in (a) one-on-one.mtg (meeting) with sga. ... That's how billionaires think, we are just executors. They are strategic genii in their own minds," Leven wrote to Jacobs.

In an August 2009 e-mail to Leven, Jacobs disparages a longtime Sands executive in Asia, Stephen Weaver, who apparently was involved in the initial public offering of Sands China stock.



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"Notwithstanding Sheldon's recent positive experiences with Weaver, as you (and most of Macau) are aware, Stephen is no fan of Sheldon's. More importantly, he simply is not up to the task. He can get you to the IPO, but near-term, he will fail," Jacobs wrote.

In a court declaration backing up his assertion that the lawsuit should proceed in the Nevada state court, Jacobs pointed out extensive ties between Las Vegas Sands and its Sands China unit.

"Notwithstanding that I was ostensibly the head of Las Vegas Sands Corp.'s Macau operations, both Leven and Adelson, in particular, exercised a high degree of control over me and my employment," Jacobs wrote in the declaration. "The control ranged from the mundane such as selecting disposable hand towel holders for the men's bathroom to items of significance.

"For example, when I wanted to pursue a possible partnership with Caesars Palace for a project in Macau, a project Leven and I had discussed in some detail, Leven told me there would be 'no chance' I could get it done unless the idea was made to appear to have originated with Adelson," Jacobs wrote.

His court filing also included documentation that:

- Sands China has held board meetings in Las Vegas
- Sands China and Las Vegas Sands share private jets, have arrangements for sharing trademarks and agreements for Sands China to use Las Vegas Sands' international marketing services
- Sands China has an arrangement with Bally Technologies Inc. of Las Vegas to provide a slot machine management system
- Jacobs regularly traveled to Las Vegas to conduct Sands China business including meeting with executives at Caesars and Bally
- Sands China transfers "substantial sums of money" to Nevada on behalf of its customers for their use in Nevada. This is accomplished by courier or by an "Affiliate Transfer Advice" in which funds are transferred electronically to Las Vegas Sands or its affiliates in Las Vegas, Jacobs' filing said. The money -- potentially amounting to \$68 million over a three-year period -- may be used for purposes including cash advances for customers to spend when they arrive in Nevada or to re-pay past debts incurred at Las Vegas Sands' Las Vegas properties.

Attorneys for Jacobs -- Donald Campbell and J. Colby Williams of the Las Vegas law firm Campbell & Williams --- also argued Sands China's "gaming operations must be compliant with Nevada's gaming laws."

"Nevada unquestionably has an interest in the conduct of its gaming licensees, of which Las Vegas Sands is one. Equally undeniable is the fact that this state's interests -- including its gaming laws -- extend to a Nevada licensee's foreign gaming operations," Jacobs' filing said. "Jacobs has raised serious questions regarding the conduct of Las Vegas Sands, Sands China and certain of their senior management. Clearly, Nevada has a significant interest in the adjudication of this dispute."

Included in the latest lawsuit exhibits are letters from the Los Angeles office of the law firm Glaser, Weil, Fink, Jacobs, Howard & Shapiro LLP, representing Sands China, to Jacobs' attorneys accusing Jacobs of stealing three reports Jacobs had received while working at Sands China from a company called International Risk Ltd.

Attorney Patricia Glaser said in one of her letters these reports concerned investigations "regarding certain Macau government officials" and background investigations of individuals identified as Cheung Chi Tai and Heung Wah Keong.

The Cheung Chi Tai referenced in the letter likely is an organized crime figure and junket operator identified last year as being involved in a plot to injure a Sands Macau dealer suspected of helping a gambler cheat a VIP room at the casino linked to triads. It wasn't immediately clear how Heung Wah Keong is associated with Sands China.

Attorneys for Jacobs responded: "It has been our experience that wrongfully terminated corporate executives are often -- and properly -- in possession of a multitude of documents received during the ordinary course of their employment. Contrary to the allegations contained in your letter, this does not mean the documents were 'stolen.'"

Glaser demanded that the watermarked reports and any copies immediately be returned or any copies be destroyed. Records show Jacobs and his attorneys returned what reports they could find -- but retained copies that may come in handy for them as the litigation proceeds.

Records show Las Vegas Sands has not yet responded to these latest court filings.

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 02/17/2011

To: Las Vegas

From: Las Vegas
Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: FBIHQ SSA provides information on funding for travel in the above-captioned investigation.

Details: On 02/15/2011, writer discussed the above-captioned investigation with SSA [REDACTED] of the International Corruption Unit at FBIHQ. In addition to providing SSA [REDACTED] with a briefing on the above-captioned FCPA case, writer also inquired about funding for travel related to the investigation, as international travel is likely to be necessary in the near future.

SSA [REDACTED] told writer there is no TR number available for the field to use for travel related to FCPA cases. SSA [REDACTED] advised writer to keep track of all travel related expenses incurred during this investigation. He said when the division gets close to running out of travel money, notify him of the amount used for the FCPA case. SSA [REDACTED] will then find some money for the division from CID's budget and send it to the division for general use in their travel budget.

SSA [REDACTED] has retained signed copies of his FD-540's and travel vouchers related to this investigation. To date, SA [REDACTED] has been reimbursed a total of [REDACTED] for travel related to this investigation.

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 02/17/2011

To: Las Vegas

From: Las Vegas
Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Document briefing of the Nevada Gaming Control Board (NGCB) members.

Details: On 02/17/2011, writer briefed the three Board Members of the Nevada Gaming Control Board, [REDACTED] and Board Chairman [REDACTED] on the above-captioned investigation. Also present during the briefing was NGCB Special Agent [REDACTED] and NGCB Chief Auditor [REDACTED]

Writer briefing included a verbal summary of the allegations against the Sands and the nature of the investigation to date. Much of the briefing focused on the interviews of witness [REDACTED]

Chairman [REDACTED] advised that any information received by the FBI in this case is deemed confidential by the NGCB. The State of Nevada has many statutory protections in place to protect confidential information obtained by the NGCB, protections which have been proven to be effective time and time again in the courts. In addition, the NGCB is not subject to Freedom of Information Act requests.

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To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 02/17/2011

Based on the information discussed during the briefing,
Chairman [redacted] advised [redacted]

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Writer completed an FD-999 based on the above contact.

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 02/17/2011

To: Las Vegas

From: Las Vegas

Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Las Vegas Sands legal representation.

Details: On 02/16/2011, Joey Lipton, the DOJ Trial Attorney assigned to the above-captioned matter, learned that the Las Vegas Sands Corp. has retained legal counsel. Representing the Las Vegas Sands Corp. will be [REDACTED] of Paul, Weiss, Rifkind, Wharton & Garrison LLP, 2001 K Street NW, Washington, D.C., 20006-1047, [REDACTED] direct, [REDACTED] cell, [REDACTED]

[REDACTED] informed [REDACTED] that Las Vegas Sands has determined that this matter is one appropriately handled by its Audit Committee. The Audit Committee has engaged separate counsel, [REDACTED] and [REDACTED] of O'Melveny & Myers.

[REDACTED] advised that the Audit Committee's attorneys are going to conduct an investigation into possible FCPA violations, and is going to fully cooperate with DOJ on their investigation.

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Revelation of inquiries sends Sands shares tumbling

By Howard Stutz

LAS VEGAS REVIEW-JOURNAL

Posted: Mar. 1, 2011 | 6:13 a.m.

A revelation that the U.S. Securities and Exchange Commission and the Department of Justice have opened investigations into Las Vegas Sands Corp. sent shares of the casino operator tumbling more than 6 percent Tuesday.

The agencies have asked Las Vegas Sands, which operates casinos in Las Vegas, Pennsylvania, Macau and Singapore, to provide documents relating to its compliance with the Foreign Corrupt Practices Act.

Wall Street analysts told investors the specter of the government investigations, whether or not they lead to any legal action, could weigh on the company's stock price and its future international growth potential.

"While handicapping the end results of investigations of this sort are nearly impossible, we believe the headline risk will serve as an overhang on shares in the near term until more on the matter is known," Wells Fargo Securities gaming analyst Carlo Santarelli said.

The company revealed Tuesday in its annual report filing with the SEC that government regulators filed a request for documents on Feb. 9. Las Vegas Sands officials said the company also was advised by the Justice Department that it was conducting a similar investigation.

Nevada Gaming Control Board Chairman Mark Lipparelli said he was aware of the government's probe into Las Vegas Sands.

"The matter is the subject of a current investigation by our agency and we have no further comment," Lipparelli said.

Las Vegas Sands, in a one-paragraph comment under the legal proceedings section of its annual report, said it believes the request emanated from allegations contained in a lawsuit filed by Steven Jacobs, the company's former chief executive of its operations in Macau, who was fired last summer.

Jacobs sued Las Vegas Sands in Clark County District Court in October, alleging breach of contract. In his lawsuit, Jacobs claims a Las Vegas Sands subsidiary transferred substantial sums of money out of Macau to Nevada.

He also claimed company Chairman Sheldon Adelson told him to "threaten to withhold Sands China business from prominent Chinese banks unless they agreed to use influence with newly elected senior


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government officials of Macau in order to ... obtain favorable treatment with regards to labor quotas and table limits."

In the SEC filing, Las Vegas Sands officials said the company "intends to cooperate with the investigations."

Las Vegas Sands spokesman Ron Reese would not release copies of the letters from the SEC and Justice Department. He said the SEC called the investigation "a nonpublic, fact-finding inquiry."

Standard verbiage from the SEC stated the agency would be "trying to determine whether there have been any violations of the federal securities laws."

Reese said the company continues to "adamantly deny the allegations in the Jacobs lawsuit."

In January, Las Vegas Sands filed a counter defamation lawsuit against Jacobs in Macau, submitting evidence of extortion and other claims to the Macau public prosecutor. Las Vegas Sands claims Jacobs threatened the company and Adelson.

Wall Street and investor reaction to news of the government investigations was quick, especially following Las Vegas Sands' remarkable financial turnaround over the past two years after staring down a bankruptcy filing in late 2008.

Las Vegas Sands had net revenues of more than \$6.85 billion in 2010, with almost 80 percent coming from the company's three casinos in Macau and the Marina Bay Sands in Singapore, which opened in April. Las Vegas Sands also is building 6,400 additional hotel rooms on the Cotai Strip region of Macau and exploring gaming opportunities in Japan, Spain and other foreign destinations.

"This disclosure came on what otherwise should have been a good day for Las Vegas Sands," Hudson Securities gaming analyst Robert LaFleur told investors. On Tuesday it was reported Macau gaming revenues grew 48 percent in February.

"We think this issue will linger as an overhang," LaFleur said.

Shares of Las Vegas Sands, traded on the New York Stock Exchange, were off as much as 7 percent before closing at \$43.70, down \$2.94.

"We believe the Jacobs lawsuit has quietly been a drag on shares in recent months given the nature of the claims and the potential for something like this to occur," Santarelli said.

JP Morgan gaming analyst Joe Greff said Las Vegas Sands will most likely incur legal costs related to the lawsuit and complying with government requests.

"We think Las Vegas Sands will be in 'providing documentation' mode for many months before any resolution or conclusions are reached," Greff said. "Las Vegas Sands' market capitalization is down to less than \$1 billion this morning, a level that likely takes into account a reasonably based downside scenario related to today's news."

A hearing on Las Vegas Sands' motions to dismiss the Jacobs lawsuit is scheduled for March 15 in Clark County District Court.

Contact reporter Howard Stutz at hstutz@reviewjournal.com or 702-477-3871.

Find this article at:

<http://www.lvj.com/business/securities-and-exchange-commission-subpoenas-las-vegas-sands-for-information-117146993.html>

☐ Check the box to include the list of links referenced in the article.

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Precedence: ROUTINE

Date: 03/02/2011

To: Las Vegas

From: Las Vegas

Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: FBIHQ SSA provides information regarding dissemination of opening LHM to Legats and Ambassadors.

Details: On 03/02/2011, writer received a telephone call from SSA [REDACTED] of the International Corruption Unit at FBIHQ. SSA [REDACTED] advised that SSA [REDACTED] writer's contact in the ICU on the above-captioned investigation, was out of the country, and SSA [REDACTED] was acting on his behalf during his absence.

SSA [REDACTED] said that he received inquiries from Legat Hong Kong and Legat Beijing about the above-captioned investigation. Both learned of the investigation from out a stories printed in today's Financial Times and Wall Street Journal Asia about Las Vegas Sands' disclosure of DOJ and SEC FCPA investigations into its company's activities in Macau. In response, SSA [REDACTED] distributed the opening EC and LHM on the above-captioned investigation to the Legats. SSA [REDACTED] said Legat Beijing advised him that they passed along the LHM to the Consul General and U.S. Ambassador to China. Writer immediately advised DOJ Trial Attorney Joey Lipton of the disseminations.

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Sands China files criminal suit against Jacobs

Tiago Azevedo

03/03/2011 07:54:00



US officials are probing casino operator Las Vegas Sands' operations in Macau over questions about whether it broke anti-bribery laws

US officials are probing casino operator Las Vegas Sands' operations in Macau over questions about whether it broke anti-bribery laws, Michael Leven, Sands China's acting chief executive officer, confirmed to Macau Daily Times yesterday, revealing that the company has filed a criminal suit in Macau against former CEO Steve Jacobs.

On Tuesday, the US-based gaming giant said in its annual report it had received a subpoena from the US Securities and Exchange Commission (SEC) on February 9 requesting that it supply documents relating to its compliance with the

Foreign Corrupt Practices Act. The law prohibits US companies and their intermediaries from making improper payments to foreign officials to win or retain business.

The US Justice Department was also "conducting a similar investigation", said the parent company of Sands China

Las Vegas Sands said it believed the subpoena stemmed from allegations in a lawsuit filed against it by its former head of Macau operations.

"We believe that this emanated from accusations made in Jacobs' lawsuit," Leven, who is also president and chief operating officer of Las Vegas Sands, told MDTimes.

"If you read the subpoena, it looks like it was almost directly from the allegations made on that lawsuit. There are some other mentions on the subpoena about triads and things like that, but we think that's cover," he added.

"We assume this, because the SEC does not tell what they are investigating.

"We don't know if they [launched the probe] because someone told them something. We're making the assumption it was the Jacobs' lawsuit."

According to Sands China's CEO, the process will take several years. "It's a voluminous amount of information, they go back probably five years at least."

"We are cooperating with the [US] government in every way possible. There is an enormous amount of legal activity that goes on for a long time," Leven said.

"The good news for us is that it will help us prove that Jacobs' lawsuit is fallacious."

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Leven again denied the allegations laid out in the wrongful termination claim filed in Nevada by Sands China former executive. Jacobs claimed Sands' billionaire founder Sheldon Adelson made "repeated and outrageous demands".

Those claims included arranging "secret investigations" into Macau officials to use as leverage against negative policy decisions and threatening to withhold business from "prominent Chinese banks" if they refused to use "influence" on senior government officials.

Las Vegas Sands in July 2010 removed Jacobs as CEO of Sands China. It subsequently said he had exceeded his authority and failed to keep the company's board informed of important business decisions.

Furthermore, Leven disclosed yesterday that Sands China has "filed a criminal complaint in Macau for defamation and with evidence of extortion, which complicates Mr Jacobs' situation". The lawsuit was filed on January 21, he told MDTimes.

Las Vegas Sands also claims that Jacobs' lawsuit should be resolved in Macau's courts, since he was hired by Sands China. Jacobs' position is that the US court is the appropriate forum since Venetian Macau is controlled by Adelson from his Las Vegas offices.

A decision on that should be made in Las Vegas "on March 15", Leven said.

Leven also assured that local authorities are not probing Sands China. "Nothing is going on in Macau. We met with Government officials, who have indicated to Mr Adelson they support his position. I'm comfortable on this with any [local] officials," he said.

Macau's secretary for Economy and Finance Francis Tam Pak Yuen said yesterday this is an issue between Sands China and one of its employees. Nonetheless, the Government asked for a full report from the gaming operator, Tam stressed, quoted by local broadcaster TDM.

Investors pounded Sands China's share price yesterday, with the stock down about 7.5 percent at HKD 17.62 in morning trade in Hong Kong, after Tuesday's announcement. It closed at HKD 17.86, down 6.2 percent.

Shares of Sands China slumped to a two-month low, even though the company said its 2010 net profit more than tripled to USD 666.5 million (HKD 5.12 billion).

Analysts said that while investor sentiment was weak, there was unlikely a direct impact on the company's Macau business.

Aaron Fischer, head of Consumer and Gaming at CLSA, said they were not adjusting their earnings estimate for Sands China.

"This news does not come as a major surprise and we are not aware of any investigations taking place in Macau," he said quoted by Reuters.

Carlo Santarelli, an analyst at Wells Fargo, said quoted by media that "the headline risk will serve as an overhang on shares in the near term, until more on the matter is known".

Caesars enquiry

Yesterday, Leven confirmed as well that he was aware of talks between Jacobs and representatives from Harrah's Entertainment (now Caesars Entertainment) on a possible partnership.

Wall Street Journal reported last month that an e-mail included in the court filing by Jacobs showed that Leven was aware of the issue. "If you want to get it, let Gary Loveman [Caesars' CEO] to suggest it

in [a] one-on-one mtg [meeting] with sga [Sheldon G. Adelson]. ... That's how billionaires think, we are just executors. They are strategic geni in their own minds," Leven wrote to Jacobs in May 2010, according to media reports.

"I knew about the fact that he [Jacobs] had a meeting with a development person from Harrah's, and when he called me I told him that no decision like that could be made without Adelson being involved, and that Gary Loveman should talk to Adelson," Leven stressed.



"I have great respect for Sheldon, it was embarrassing to me because I think he was a little bit upset about that."

Nevertheless, there were actual talks between both companies regarding a project in Macau, but no formal negotiations, Leven told to MDTimes yesterday.

"Gary Loveman eventually came to see us and did have a conversation with us. We talked about it, possibly for one of the sites here [on Cotai] - 3, 7 or 8 at the time - and then we tested it with some people here in Macau," Leven revealed.

However, any approach would have been snubbed, according to Sands China's executive.

"The comment that we got [here in Macau] was they [Caesars Entertainment] wouldn't get the licence. I delivered that message back to Gary Loveman. It never got to a negotiation, it was just a matter of enquiry," Leven explained.

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In the interest of freedom of expression, coupled with a true sense of responsibility to encourage community dialogue, the Macau Daily Times offers its readers the opportunity to express their opinions on new-related matters through this website.

All opinions are welcome. However, we reserve the right to remove comments that are deemed to be obscene, or are merely insults written under the cloak of anonymity.

MDT

UNITED STATES District Court
for the
District of Nevada

SUBPOENA TO TESTIFY BEFORE A GRAND JURY

To:

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YOU ARE COMMANDED to appear in this United States district court at the time, date, and place shown below to testify before the court's grand jury. When you arrive, you must remain at the court until the judge or a court officer allows you to leave.

Place LLOYD D. GEORGE COURTHOUSE
333 Las Vegas Blvd. South
Las Vegas, Nevada 89101

Date and Time:

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You must also bring with you the following documents, electronically stored information, or objects (*blank if not applicable*).

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If possible, provide information requested in subpoena in electronic format or other industry accepted formats, via email to [REDACTED] (and mail copy to the United States Attorneys Office listed below).

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PLEASE ENCLOSE A COPY OF THIS SUBPOENA WITH THE RETURNED DOCUMENTS
IN LIEU OF PERSONAL APPEARANCE. THESE RECORDS MAY BE MAILED TO THE ASSISTANT UNITED STATES
ATTORNEY, IN CARE OF [REDACTED] AT THE ADDRESS REFLECTED BELOW
IF ORIGINAL DOCUMENTS, PLEASE SEND VIA REGISTERED MAIL

Date: March 3, 2011

(2011R00335)

LANCE S. WILSON
CLERK OF COURT (BY)

Deputy Clerk

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The name, address, e-mail, and telephone number of the United States attorney, or assistant United States attorney, who requests this subpoena, are: DANIEL G. BOGDEN
United States Attorney

[REDACTED]
Assistant United States Attorney
333 Las Vegas Blvd. South, Suite 5000
Las Vegas, Nevada 89101

[REDACTED] or [REDACTED]

✓ 205-LV-42684-5A

PROOF OF SERVICE

This subpoena for (name of individual or organization) _____
was received by me on (date) 3/3/11;

[Redacted]

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I personally served the subpoena on the individual at (place) _____
on (date) _____ or

I left the subpoena at the individual's residence or usual place of abode with (name) _____
_____, a person of suitable age and discretion who resides there, on (date) _____, and
mailed a copy to the individual's last known address; or

I returned the subpoena unexecuted because _____; or

I served the subpoena on (name of individual) email address _____ designated
by law to accept service of process in behalf of (name of organization) _____
on (date) 3/3/11; or

[Redacted]

[Redacted]

b3

Other (specify)

I declare under penalty of perjury that this information is true.

Date: 3/3/11

FBI, 1787 W. Lake Mead, LV, NV

[Redacted]

Special Agent, FBI

[Redacted]

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Additional information regarding attempted service



U.S. Department of Justice

*United States Attorney
District of Nevada*

333 Las Vegas Boulevard, South
Suite 5000
Las Vegas, Nevada 89101

(702) 388-6336
FAX (702) 388-6020

NONDISCLOSURE

PLEASE DO NOT DISCLOSE THE EXISTENCE OF THE ACCOMPANYING GRAND JURY SUBPOENA FOR AN INDEFINITE PERIOD. PURSUANT TO RULE 6 OF THE FEDERAL RULES OF CRIMINAL PROCEDURE, YOU HAVE NO OBLIGATION OF SECRECY CONCERNING THIS SUBPOENA; HOWEVER, ANY SUCH DISCLOSURE COULD OBSTRUCT AND IMPEDE AN ONGOING CRIMINAL INVESTIGATION AND THEREBY INTERFERE WITH THE ENFORCEMENT OF THE LAW.

[redacted]

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From: [redacted]
Sent: Thursday, March 03, 2011 3:50 PM
To: [redacted]
Subject: Federal Grand Jury Subpoena
Attachments: 10-1-911 GJ Sub [redacted].pdf; NonDisclosure.pdf

Please see attached Federal Grand Jury Subpoena and accompanying non-disclosure form.

Questions can be directed to myself, contact information below.

Thank you for your assistance,

Special Agent [redacted]
FBI – Las Vegas
1787 W. Lake Mead Blvd.
Las Vegas, NV 89131

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[redacted] (cell)
[redacted] (office)
[redacted]

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 03/04/2011

To: Las Vegas

From: Las Vegas
Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Document meeting with Nevada Gaming Control Board agents.

Details: On 03/03/2011, writer met with Nevada Gaming Control Board (NGCB) Agent [REDACTED] and the following NGCB officials who have worked extensively on Las Vegas Sands matters in the past:

[REDACTED] Chief, Nevada Gaming Control Board,
Corporate Securities Division, [REDACTED]

[REDACTED] Supervisor, Nevada Gaming Control Board,
Investigations Division, [REDACTED]

[REDACTED] Agent, Nevada Gaming Control Board,
Investigations Division, [REDACTED]

Writer provided these individuals with background information on the above-captioned investigation. They provided writer with some background public-source reading material on the Sands, Junkets and Macau.

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43061-11

205-LV-42684-58

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 03/03/2011

On 03/02/2011, at approximately 3:00 p.m., [redacted] an attorney with Campbell & Williams, 700 South 7th Street, Las Vegas, Nevada, 89101, telephone [redacted] cellular telephone number [redacted] telephonically contacted FBI SA [redacted] advised that his Chief Paralegal, [redacted] received two emails that threatened to harm [redacted] client and a witness in this investigation. SA [redacted] asked [redacted] to preserve the emails, and to forward them to SA [redacted] work email address.

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[redacted] received the emails the night before, but did not immediately read them because they went to her junk mail folder. The emails were from "Free Email Service [mailto:info@send-email.org]" to [redacted] work email, [redacted] email is listed on the Campbell & Williams web site as the contact person for new cases. The first email was sent Tuesday, March 1, 2011, at 6:53 p.m. The subject line reads, "Save [redacted]" The body of the email reads, "(sic) ear Sirs, Kindly advise your Client [redacted] should his fraudulent action against Las Vegas Sands cause the share value to drop below \$42 he shall be the recipient of a bullet to the brain. Cordially, A Sincere Investor." The second email was sent Tuesday, March 1, 2011, at 6:55 p.m. The subject line reads, "Save [redacted] It Bears Repeating." The body of the second email reads the same as the first email.

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SA [redacted] advised [redacted] to consider contacting local authorities in Florida, [redacted] state of residence, and advising them of the threat against [redacted] SA [redacted] also asked permission to visit [redacted] office to obtain information from full headers of the threatening emails.

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On 03/02/2011, at approximately 5:30 p.m., SA's [redacted] and [redacted] went to [redacted] law office. SA [redacted] was able to view the full email headers of the threatening emails using [redacted] desktop computer. According to the full email headers, the first email was sent through [redacted] source IP address [redacted] on Tue, 01 Mar 2011, 19:53:00, -0700 (MST). The second email was sent through the same server and IP address on Tue, 01 Mar 2011, 19:55:28, -0700 (MST). SA [redacted]

b6
b7C43060-11Investigation on 03/02/2011 at Las Vegas, NVFile # 205-LV-42684Date dictated 03/03/2011

by SA [redacted]

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b7C

205-LV-42684-59

205-LV-42684

Continuation of FD-302 of [REDACTED], On 02/09/2011, Page 2

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printed and saved to an FBI thumb drive screen shots and text files of the full email headers, and copies of the original emails. Copies of these items will be retained in the 1A section of the file. [REDACTED] was advised not to delete the original emails.

On 03/03/2011, SA [REDACTED] performed an IP address lookup for IP address [REDACTED]. According to the web site <http://whatismyipaddress.com>, IP address [REDACTED] is hosted by [REDACTED] through an Internet Service Provider (ISP) called [REDACTED]. SA [REDACTED] telephonically contacted [REDACTED] of [REDACTED] at telephone number [REDACTED]. [REDACTED] advised that [REDACTED] had recently merged with [REDACTED] and is now known as [REDACTED]. [REDACTED] advised that subpoenas could be served via email to [REDACTED]. SA [REDACTED] viewed the web site <http://send-email.org>. Under this web site's "About us" heading reads, "Every day over 100,000 free anonymous email messages are sent from our servers, making us the world's most trusted and largest anonymous email service." The web site also states, "Note: You aren't allowed to use the service for any illegal activities."

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Las Vegas Sun

Las Vegas Sands attorneys want ban on TVs in courtroom

By **Steve Green (contact)**

Wednesday, March 9, 2011 | 12:12 p.m.

Attorneys for Las Vegas Sands Corp. don't want any television cameras in the courtroom next week during a hearing on a lawsuit filed against the casino operator by fired Macau executive Steven Jacobs.

Jacobs, who was fired for cause in July as CEO of Sands China Ltd., charges in his Clark County District Court suit he was terminated over disputes with Las Vegas Sands Chairman and CEO Sheldon Adelson -- including Jacobs' resistance to Adelson's alleged demands that he engage in illegal activity.

Las Vegas Sands, however, says Jacobs was let go for working on unauthorized deals and multiple violations of company policy.

Jacobs' allegations likely prompted investigations by the Securities and Exchange Commission and the Justice Department of Las Vegas Sands' compliance with an anti-bribery statute, the Foreign Corrupt Practices Act.

A hearing is set for next week in Las Vegas before Judge Elizabeth Gonzalez on motions by Las Vegas Sands and its subsidiary, Sands China Ltd., that the lawsuit be dismissed. Las Vegas Sands says it was wrongly sued since Jacobs' employment contract was with a subsidiary, Venetian Macau Limited, not Las Vegas Sands.

Las Vegas Sands and Sands China also say disputes involving Jacobs must be litigated in China, not the United States.

Jacobs' attorneys say the state court in Las Vegas is the appropriate forum for resolution of the dispute since Adelson controls Sands' worldwide operations from his Las Vegas office and Jacobs reported to Adelson and other higher-ups in Las Vegas.

PBS' Frontline has asked Gonzalez for permission to broadcast, televise, record or take photos of all proceedings in the case and Las Vegas Sands and Sands China filed an objection to that request Monday.

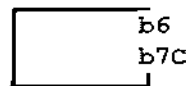
Their attorneys said that while the companies recognize the public and media are entitled to view court proceedings, the court may reject requests to broadcast or record hearings if they interfere "with the proper administration of justice."

In Jacobs' case, they said, he and his attorneys have immunity from defamation claims over statements they may make in court even if they are "false and inflammatory allegations"

"Plaintiff's strategy appears to be to make incendiary allegations, for an in terrorem (threatening) effect, in an effort to exert undue pressure to resolve this case," Monday's filing said. "Defendants have already suffered damages as a result of the negative press based solely on plaintiff's allegations in the complaint and oppositions."



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✓ 205-LV-42684-60

"The Securities and Exchange Commission has issued a subpoena to defendants in connection with an investigation stemming from plaintiff's claims. Therefore, plaintiff's statements and other images that could be broadcast from live proceedings in this case could have immediate adverse effects on defendants and their ability to obtain a fair trial in this venue, or any other venue for that matter."

"Due to plaintiff's apparent willingness to distort and misrepresent the facts at issue in this case, the media request must be denied to preserve the proper administration of justice and defendants' right to a fair trial," the filing said.

Attorneys for PBS and Jacobs have so far not filed any responses to Sands' filing.

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Special Report: The Macau Connection

12:18am EST

By Matt Isaacs

BERKELEY, Calif. (Reuters) - When Steve Jacobs joined Las Vegas Sands in 2009, the company was sinking.

The Sands, which owns the Venetian resort, saw its stock price hit an alarming low, below \$2 a share, around the time Jacobs, a 47-year-old Harvard graduate with a boyish face and close-cropped silver hair, took a job heading Sands China, which runs the company's Macau operations.

But over the course of the next year, Sands mounted a remarkable recovery, thanks in large part to Jacobs' leadership in Macau, a gambling boomtown bigger than Las Vegas and 16 time zones ahead of the Strip.

"There is no question as to Steve's performance," Sands COO Michael Leven told the company's board of directors in early 2010, according to court records. "The Titanic hit the iceberg. (Jacobs) arrived and not only saved the passengers, he saved the ship."

The feel-good story, however, was not to last.

Within months, Jacobs was clashing with the company's CEO Sheldon Adelson over several issues, according to a legal complaint, including whether to hire more so-called junket operators who bring in high rollers. Jacobs says he objected, citing their corrupt reputation, and last July, the company unexpectedly fired him effective immediately. Two security guards escorted him out of the casino without allowing him to gather his belongings, and then unceremoniously escorted him out of town, Jacobs alleges.

Today, Jacobs is firing on the ship he once saved. The former chief of Macau operations is suing Sands, and his description of unsavory business dealings in the lawsuit has touched off a criminal investigation.

Earlier this month, the company acknowledged it had received a subpoena for documents pertaining to possible violations of the U.S. Foreign Corrupt Practices Act, which bars U.S. corporations from bribing foreign officials. Not only are the Securities and Exchange Commission and Justice Department looking at Sands' actions, but the FBI has joined in.

A Reuters investigation in collaboration with the Investigative Reporting Program at U.C. Berkeley has learned that casino executives, U.S. diplomats and the Chinese government share the concerns raised by Jacobs about Macau's booming junkets industry, which they describe as rife with organized crime.

An extensive review of court records, interviews with high-level federal officials, and State Department cables obtained by WikiLeaks and released to Reuters through a third party, reveal widespread corruption in a region that resembles a Chinese version of the early years of Las Vegas.

Among the Reuters IRP investigation's findings:

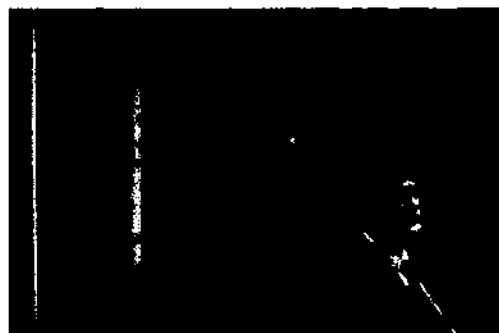
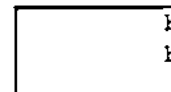
- * The FBI has joined the federal investigation of Sands, prompted by the Jacobs allegations.
- * Sands has an internal background report on an alleged criminal figure who had financial links to the company.
- * Mainland China restricted visas to Macau based on its distress about the growing power of criminal groups, known as triads, in the region.
- * U.S. casino executives have discussed with U.S. diplomats the pervasive influence of the triads in the junkets for years, yet nothing has changed.

Sands says that it has denied all allegations in the Jacobs lawsuit from the outset and on January 21 a subsidiary filed documents seeking to initiate a criminal complaint against Jacobs. It declined to provide a copy of the complaint.

The SEC and Department of Justice inquiries appeared to be a result of Jacobs' allegations in his wrongful termination lawsuit, Sands said by email to Reuters.

"Neither the SEC nor the Department of Justice has accused the company of any wrongdoing. The subpoena is described as a fact-finding inquiry and does not mean the SEC has concluded anyone has broken the law," it said.

BIGGER THAN LAS VEGAS

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✓ 2009-11-42684-61

Macau, a former Portuguese colony located less than 40 miles west of Hong Kong, for centuries served as a center for trading and piracy in the South China Sea, a base for vice, gold smuggling and espionage.

But the brazen town on the tip of a Chinese peninsula has evolved into much more than a backwater den of iniquity.

Today Macau is a super-charged conduit for cash on the lip of the world's fast-growing major economy. The once worn casinos huddled near the ferry docks have gone upscale. And in the last ten years, it has become a major source of cash for America's largest casino operators.

Since 2001, when China opened its doors to U.S. casinos, annual revenues have increased more than tenfold to reach \$23.5 billion today -- more than two and half times the revenues of the Las Vegas Strip and Atlantic City combined. The enclave provides two-thirds of Sands' revenue worldwide, according to securities filings.

Behind the gaudy numbers, however, public records suggest the region is becoming a growing geopolitical concern.

The U.S. Department of State, in its 2011 International Narcotics Control Strategy Report, said Macau is "vulnerable to becoming a hub for the laundering of criminal proceeds."

Beyond the casinos, the report says, the "close proximity border with PRC (China) and Macau's open economy, including lack of controls on cross border physical movement of cash, are factors that create a risk of money laundering and terrorist financing activities."

And the triads, according to diplomatic cables, are expanding. A trusted academic told diplomats that China had clamped down on Macau visas, "at least in part to stem the rise of organized crime in the mainland."

The source of this criminal expansion is Macau's unique junket system, which whisks VIPs into casinos, stakes them, and offers legally suspect services to avoid China's strict currency and debt collection laws. The junket companies -- widely linked to the triads, according to diplomatic cables -- generated an incredible 72 percent of the region's gaming revenues last year.

"Casino operators regret the growing power of 'junket' operators in mainland China that account for most of the Macau casinos' earnings," one U.S. consulate official reported in a cable. "They believe the operators are directly or indirectly involved with organized crime in Macau and the mainland."

The U.S. casinos operating in Macau are bound by Nevada laws that prohibit them from bringing "disrepute" upon the state. But they have immersed themselves in the junkets -- while privately, according to cables, confiding their concerns about the criminality of the industry to diplomats.

Another cable quoted a senior U.S. executive saying the growth of the triads was leading to expanding corruption in China. Provincial officials were providing "sweetheart" land sales, business licenses, and government contracts to junket operators, in exchange for bank deposits or cash sums paid to the officials upon arrival in Macau.

SANDS' COMBATIVE STYLE

No U.S. casino has more aggressively pursued the Macau dream than Las Vegas Sands.

Sands was the first U.S. casino to plant roots in Macau in 2004, and has since grown into the largest American company in the region, dwarfing the operations of competitors like Wynn Resorts and MGM Resorts International.

Sands raised the stakes for the entire territory. From a swath of reclaimed land, it created a new gambling resort called the "Cotai Strip," an Eastern rendition of Las Vegas with plans for shopping, restaurants and fancy hotels. The Chinese government planners wanted a diverse assortment of properties, and Sands has delivered, building the Venetian Arena, the Grand Canal Shoppes and the Four Seasons apartments.

But where Las Vegas rivals went in softly, working with local businesses and regulators, Jacobs' suit and diplomatic cables suggest Sands wasn't there to make friends.

One diplomat in a cable referred to the casino's "combative" style. Others describe how Sands executives have gone over the heads of Macau politicians to lobby ranking members of China's politburo, much to the chagrin of the locals.

Jacobs says in court filings that one of his primary tasks involved repairing "strained relationships with local and national government officials in Macau who would no longer meet with Adelson due to his rude and obstreperous behavior."

Adelson, Jacobs charged, instructed him to secretly investigate senior Macau government officials. "Any negative information could be used to exert 'leverage' in order to thwart government regulations/initiatives," the lawsuit claims.

Jacobs in his suit also notes that he was repeatedly threatened with termination if he "objected to and/or refused to carry out Adelson's illegal demands."

In particular, Adelson insisted Jacobs hire a local lawmaker named Leonel Alves, he says in his lawsuit. For more than a year, Alves, a public official in a position to help the corporation, was also listed as its counsel -- a potential conflict of interest central to the U.S. federal bribery investigation.

A Sands senior executive acknowledged a potential conflict in an interview with the Macau Daily Times last fall. "When we deal with an individual that is a government official, we have to follow the rules of the United States," said Chief Operating Officer Leven. "So we are working our way through that."

Jacobs, meanwhile, says Adelson was pushing to "aggressively grow the junket business." In his lawsuit, he says that he himself objected to expanding the VIP segment, citing low profit margins and "given recent investigations by Reuters and others alleging (Sands') involvement with Chinese organized crime groups" connected to the industry.

Now, the FBI has joined the probe into Sands and is exploring the full range of Jacobs' allegations, "getting into all of it," a source familiar with the probe said.

Leven, the COO, told the Macau Daily Times last week that there were some "mentions" in the federal subpoena about "triads and things like that," adding vaguely, "but we think that's cover."

SANDS: RETURN OR DESTROY DOCUMENTS

According to the Jacobs suit, Sands has already done its own poking around within Macau's criminal underworld. The casino commissioned background checks on local officials as well as two alleged criminals.

Sands has given at least one report to Nevada, a casino regulatory source said, but it has gone out of its way to stop the reports from reaching the public eye.

Last year, Reuters published a report on a man named Cheung Chi-tai, described in court testimony as the mastermind behind a plot to murder a dealer suspected of cheating.

At trial a witness identified Cheung as a leader of the Wo Hop To -- one of the largest triads in Hong Kong.

Cheung was also, according to witness testimony, "the person in charge" of a VIP room at the Sands Macao, and Hong Kong stock exchange filings showed him to be a "substantial shareholder" in a junket company with ties to the cloistered room.

The allegations emerged in a routine trial, barely noted beyond the crime pages of Hong Kong newspapers. Yet the revelations were historic: this was one of the first documented examples of an alleged criminal figure financially linked to a U.S.-based, publicly traded casino.

The article led to an ongoing Nevada investigation. The company then commissioned its own private background report on Cheung, said a person involved in the Sands effort who requested anonymity.

The company also ordered a report, according to documents in the Jacobs case, on another figure who was identified as a member of a triad in a 1992 U.S. Senate Subcommittee probe. Charles Heung was described in a Subcommittee chart of organized crime as an officer of the Sun Yee On triad.

In a 2007 public hearing, the former chair of the Nevada Gaming Control Board, Randy Sayre, also said he had seen three public documents identifying Heung as "a high-ranking member of the triads," according to a transcript.

Heung has repeatedly denied any participation in organized crime.

The Sands background reports on Cheung and Heung are the subject of a series of letters in the Jacobs case. Documents show the former executive still holds copies of at least one of the reports based on the investigations commissioned by the casino.

Sands' displeasure is reflected in its legal team's demand for the "immediate" return of the internal inquiries.

"All copies," the attorneys insisted, should "be returned to us or destroyed."

COMMON KNOWLEDGE

Nevada spent decades cleansing itself of criminal elements. By the 1980s, as casinos largely assumed corporate control, gambling was widely considered one of the most heavily regulated industries in the United States. Nevada's oversight became the gold standard.

And from the moment Sands landed in Macau, the industry and state regulators insisted the same rules that apply at home apply there. Casinos can lose their licenses if they consort with the wrong characters.

Nevada has no office in Macau and largely depends on local oversight, which casinos executives quoted in cables describe as lax.

Diplomats relay widespread concern about Macau's police and gambling regulator.

The Macau police force is "afraid of triad groups," a diplomat quoted the academic who was a trusted source as saying. Organized crime leaders in Macau "know the identity of each police force member and where they live," the diplomat continued.

Macau's Gaming Inspection and Coordination Bureau, which goes by DICJ for its Portuguese acronym, barely enforces its own rules, according to accounts in the cables.

Sands executives approached diplomats with particular frustration about the agency's oversight. "They alleged that junket operators are routinely licensed after cursory DICJ investigations," a diplomat wrote in a cable, "while the DICJ does not enforce its own reporting requirements."

A senior executive at MGM told the consulate that "there are some good people at DICJ, but if they're not directed to take enforcement action by Macau's political leadership, they won't."

One Macau casino executive, quoted in a U.S. State Department cable, reported that "all of the junket operators are directly or indirectly involved with the triads."

Other cables show U.S. diplomats and casino operators routinely discuss corruption in the Chinese enclave.

Another diplomat divulged that "private sector leaders have noted many loopholes that enable junket operators -- and the casino concessionaires themselves -- to enter legal gray zones with little fear of investigation."

Then there is Manuel Joaquim das Neves, the long-standing head of DICJ, who was remarkably candid when discussing the junkets industry with diplomats. During a conversation with a U.S. official about the worldwide economic

downturn, he implicitly linked the triads to Macau's gaming sector, saying that 'triads' revenues will probably decline in 2009 along with Macau's gaming earnings."

Neves acknowledged some wiggle room in his agency's licensing, which judges candidates primarily on their criminal history. "If you make hard rules in the beginning, no one applies," a cable quotes him telling U.S. diplomats. "So we forgive small crimes in an applicant's background."

Neves told Reuters "there's no logic" to any assertion that his agency is failing short of its duties. "The majority accept that we are doing a good job in Macau," he said.

"I cannot say that in Macau we don't have triads, but things are under control," he added.

CHINA'S CONCERNS

The scale of the corruption in Macau has drawn fire from the most powerful and important critic of all -- the mainland China government. And China's ire already has been felt once as the government choked off the supply of gamblers to Macau.

Criminality within the VIP segment made China "very concerned," one U.S. diplomat revealed in a cable. In late 2008, according to a missive, it changed the rules of the game, cutting the number of visas from mainland China to Macau in a move that was disastrous for U.S. operators, including Sands.

"The fact that mainland gamblers account for the majority of funds flowing into Macau appears increasingly undesirable to Beijing," says one post. "The perception is widespread that, with the implicit assistance of the big 'junket' operators, some of these mainlanders are betting with embezzled state money or proceeds from official corruption, and substantial portions of these funds are flowing on to organized crimes groups in mainland China, if not Macau itself."

SO MUCH POWER

Early last June, at G2E Asia, a conference for casino industry insiders, the Venetian Macao hosted a session to discuss "The Future of VIP."

On stage, beneath a massive, glittering chandelier, sat three men: a former executive from Sands Macao, an academic, and Sean Monaghan, a junket analyst, who proclaimed: "These guys are huge, they're growing, and they hold so much power."

Monaghan was articulating what had already begun to be well understood by the U.S. diplomatic corps. By plunging millions of dollars into the development of the VIP sector, casinos had, in essence, created a monster.

Jacobs, quoted in a cable, spoke to this point when he told a diplomat that "the junket operators maintain significant economic and political influence in Macau."

"The government and all the concessionaires rely heavily on the junket operators for the bulk of their revenue streams," says another cable. "They won't make any big moves against the junkets."

Another missive points out that as Macau derives over half of its revenues from the VIP market, it has "proven itself either incapable or unwilling" to rein in the companies.

Toward the end of the session, an emissary from the U.S. consulate rose to make a comment. "I find it remarkable," he said, "that we're talking here about junkets, yet not a single representative from the industry sits before us."

A murmur circulated through the crowd.

The gentleman had identified the 800-pound gorilla -- who was not in the room.

Jacobs had grown wary of the dangers of this gorilla, he said in his complaint. His private objection to expanding the junket business was one of the final battles he fought with his boss. Soon enough, their differences would reach the point of no return.

Now Jacobs is shouting his concerns for all the world to hear, and federal authorities in Washington DC appear to be paying heed.

(Additional reporting by Peter Henderson; Editing by Peter Henderson, Lowell Bergman, Jim Impoco and Claudia Parsons)

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[redacted]
From: [redacted]
Sent: Thursday, March 10, 2011 9:22 AM
To: [redacted]
Subject: FW: Las Vegas Sands Corp., [redacted]

This was an unsolicited email that came in to our general GCB email account. [redacted] name was mentioned in [redacted] allegations so maybe this is of interest to the case in some way. The sender [redacted] (if that is his real name) is not known to us and he is not in our gaming work card or intelligence files...

[redacted] Supervisor
Special Investigations Section
Nevada State Gaming Control Board
[redacted] (desk)
[redacted] (cell)

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From: [redacted]mailto:[redacted]
Sent: Wednesday, March 09, 2011 11:28 AM
To: liaison
Subject: Las Vegas Sands Corp., [redacted]

Dear Sirs,

In April 2008, [redacted] former Commissioner for Legal Affairs for the Macau Gaming Commission, testify in Clark County District Court in a 2-week-old civil lawsuit where Hong Kong businessman [redacted] claimed he was owed millions of dollars by Las Vegas Sands Corp. for helping the company in its licensing efforts in Macau.

[redacted] acted in is professional capacity as a Macau government official, indeed a civil servant for the Macau SAR Government (responsible for the public tender of the Macau gaming licenses in 2002) and accepted to testify in the case [redacted] brought against Las Vegas Sands Corp. and its officers, Sheldon Adelson and [redacted]

[redacted] claimed that it was because of his actions in Beijing that made Las Vegas Sands obtained the gaming license in Macau.

[redacted] received from Las Vegas Sands \$US 1 million for testifying that the gaming license that Las Vegas Sands obtained in Macau was a not a consequence of any action or conduct of [redacted]

This payment was negotiated by [redacted] and Sheldon Adelson between the end of 2007 and the beginning of 2008.

The payment of \$US 1 million was made to [redacted] by [redacted] former managing director of Las Vegas Sands in Macau.

The payment was done in the end of 2007 or the early beginning of 2008 - in a moment when [redacted] was still the managing director for Sands Macau a subsidiary of Las Vegas Sands Corp.

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It was a payment directly made by [redacted] to an off shore company in the British Virgin Islands - the off shore company was set up in Hong Kong.

[redacted] was later payed by Las Vegas Sands Corp. or Sheldon Gary Adelson (around April 2007).

It was in [redacted] Macau lawyer's firm that a purchase, ordered by [redacted] in 2008, of an apartment in Macau (Lake View Mansion Building, Tower 1, 11 Floor, 4 bedrooms facing the Nam Van Lake) was done using in part the money from the Las Vegas Sands Corp. payment to [redacted]

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The apartment became the property of a company in the above said off shore whose administrator was at the time [redacted] (a personal friend of [redacted]) and a loan with a mortgage over the said apartment was done in Macau's Banco Nacional Ultramarino (BNU).

The loan was in the name of [redacted] But the payments concerning that loan were always done by [redacted] that regularly send the money to [redacted] BNU account from his own bank account in the same bank.

In September 2010 [redacted] from Portugal, assumed the position of administrator of the said off shore company and sold the above said apartment, payed the loan to BNU and send the money to Portugal where he is since June 2010.

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[redacted] had to go to Portugal (June 2010) to escape a major scandal that was about to explode proving that for years he used public funds to buy antiques (mostly a large old rugs collection) - it is understood that during a period of 10 years [redacted] spend around \$US 10 million in public funds in rug purchases in ebay, [redacted] and many other textiles and rugs famous auction houses in the USA and in Europe.

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This situation came to the knowledge of the Macau Government when in the beginning of 2010 came to public that a Macau company called Soconsult had a contract going on with the Macau Government to provide legal expertise in the gaming sector.

The company was in the name of [redacted] (75%) and [redacted] (25%).

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It was leaked from inside the Government that the contract was totally absurd since Soconsult only provided copies of news printed in the press and some reports that were already done years before - for this Soconsult received around \$US 4 million until the end of the contract was decided in June 2010.

The contract with Soconsult was done after the Macau Government put an end to the contracts of four legal advisers of the Macau Gaming Commission. [redacted] was one of them. Another one, [redacted] is today a legal adviser in Sands Macau.

[redacted] always denied being involved in Soconsult, but the Macau Government knows for sure he was the true responsible because the Soconsult contract, which was signed by [redacted] at the time Chief Executive of the Macau Government, and [redacted] was negotiated by [redacted] directly. [redacted] it is now clear inside the Government, wanted to pay the loyal services of [redacted] in many situations concerning the public tender of the Macau gaming licenses and mostly [redacted] inside information about the Macau gaming operators IPO's in Hong Kong.

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When the public opinion and the press start to give attention to Soconsult, the Macau Government Secretary for Finances ordered the Public Finance Department (local DSF) to start an investigation on [redacted] activities has a civil servant in his capacity has Director of the International Law Office (GADI) in Macau - [redacted] was at the same time Director of the International Law Office and Commissioner for Legal Affairs for the Macau Gaming Commission - this late position was put an end by the new Macau Government in the beginning of 2010.

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It was in that moment (spring 2010) that the Public Finance Department realized that the names in most of the payments done by [redacted] to several supposed legal experts (to pay again supposed legal work) were indeed the names of antique carpets and rugs dealers in the USA and in Europe - the investigators claimed that in the presence of so many unknown names decided to google them, that was the moment they understood the scheme. During more 10 years [redacted] just created false receipts using the real names of the rug dealers but giving them new professions: Legal advisers, translators, gaming experts, etc...

In the Macau Public Finance Departments and in the Macau Government it was not possible during all those years to catch that those legal experts were just rug dealers.

The Government decided that a scandal of such impact could put in danger the gaming sector in Macau because the role [redacted] had in the gaming liberalization in 2002 and because of his duties in the Macau Gaming Commission and found a way of secretly telling [redacted] that he had to leave Macau. This happened in June 2010 with [redacted] telling later that his father was very sick. He was director of the International Law Office (GADI) until october 2010, but was in Portugal since June 2010.

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In the end of 2010 [redacted] arranged that two large shipping containers were send from Macau to Lisbon carrying his rug and antiques collection (he used a Macau shipping company: Cargogal Ásia - Gestão, Comércio e transportes marítimos, Lda). The two containers arrived to Lisbon in January 2011.

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The Macau Government decided in the summer of 2010 that if the scandal came to public knowledge, the very first question would be about the decisions made by [redacted] [redacted] in his capacities has a gaming regulator and mostly has the first responsible for the gaming licenses public tender.

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Being the fact that was proved during the said investigation that [redacted] had acted with a predatory will concerning public funds and that he might have engaged in that corrupted conduct since 1999 until 2010, the possibility of his actions affect the gaming sector was considered very real.

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The Macau Government also decided to put an end to the contract it had with Soconsult in June 2010, but decided to make all the payments including a final compensation of \$US 2,5 million (this payment was done recently) because some sectors of the Government were afraid [redacted] men [redacted] and [redacted] would dispute the payments in the local courts and bring the attention to [redacted] political negligent act of signing the Soconsult contract.

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[redacted] is now in [redacted] near [redacted] in his parents house.

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[redacted] is in Macau.

[redacted] is in Macau.

[redacted] is also in Macau.

It is understood that [redacted] worked has a front man to help [redacted]


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[redacted] to conceal the \$US 1 million payed by Las Vegas Sands Corp. to [redacted]

It is also understood that [redacted] and [redacted] had also some relevance in helping [redacted]

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John L. Smith



Macau gamble pays off but draws law enforcement scrutiny

Posted Mar 13, 2011 | 1:59 a.m.

Updated Mar 13, 2011 1:05 p.m.

In a few short years, Macau has become the world's greatest casino profit center and the envy of much of the gaming industry.

With all of economically booming China as its backyard, Macau has a seemingly inexhaustible customer base. And its top Nevada-based casino kings, Sheldon Adelson of Las Vegas Sands and Steve Wynn of Wynn Resorts, are being richly rewarded for the risks they assumed when they raced to be licensed in the treacherous place whose smoky casinos were reputed to be riddled with Triad influence.

Adelson and Wynn aren't shrinking violets. They're tough businessmen with long track records of success.

But these days I have to wonder if even they fully appreciated the complexities of doing business in that historical smuggler's paradise.

For Adelson, the game is made more challenging by recent news that the Securities and Exchange Commission and Department of Justice are seeking documents pertaining to possible violations of the U.S. Foreign Corrupt Practices Act, which makes it illegal for American companies to bribe foreign officials. Nevada's Gaming Control Board is monitoring developments, and Reuters has reported the FBI also is investigating.

The SEC and Department of Justice investigations come in the wake of a breach of contract lawsuit filed in Clark County District Court by attorneys for former Sands China chief executive Steve Jacobs, who alleges a company subsidiary transferred millions from Macau to Nevada. The Jacobs lawsuit and published reports have raised the issue of Triad influence inside Macau casino VIP gambling rooms.

Jacobs also claims Adelson instructed him to "threaten to withhold Sands China business from prominent Chinese banks unless they agreed to use influence with newly elected senior government officials of Macau in order to obtain favorable treatment with regards to labor quotas and table

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limits."

A Las Vegas Sands spokesman said company officials continue to "adamantly deny the allegations in the Jacobs lawsuit." The spokesman also recently called the SEC investigation a "nonpublic, fact-finding inquiry."

But Macau's long connection to Triad hoodlums and casino junket masters and moneylenders is no secret. Macau is considered one of the world's drug and money laundering flashpoints by the U.S. State Department, which placed it on a list of "Countries/Jurisdictions of Primary Concern."

A motion to dismiss is scheduled for Tuesday morning in the Jacobs lawsuit, and Las Vegas Sands has blamed much of the recent government scrutiny on the litigation's incendiary allegations. (The company has sued Jacobs for criminal defamation in Macau.)

The litigation's relative merits aside, the idea the State Department, Department of Justice, SEC, FBI, and Gaming Control Board might somehow be focused on Macau casino activity because of one lawsuit in Las Vegas is ludicrous in the extreme.

In its 2011 International Narcotics Control Strategy Report released earlier this month, the State Department noted that, while Macau wasn't "a significant regional financial center" in the traditional sense, "as the world's biggest gambling market by revenue, benefiting from millions of visitors -- mostly from nearby mainland China -- Macau is vulnerable to becoming a hub for the laundering of criminal proceeds. Reported annual gaming revenues for 2010 were over \$23.5 billion, although observers note that the amount of unreported illegal side-betting could be as much as ten times reported revenues."

As much as 10 times reported revenues?

According to the State Department, the dangers of under-regulated casino gaming in Macau are clear and present.

The casinos' nearness to China, a lack of gaming regulation and control of cross-border money movement increase the risk of "money laundering and terrorist financing activities," the report states. "The primary sources of criminal proceeds in Macau are drug-related crimes, organized crime, and illegal gambling."

A trouble spot: "loosely-regulated gaming promoters, known as junket operators, profit from sourcing the majority of Macau's VIP players who contribute to over 80 percent of gaming revenues."

They're described as in-house moneylenders and credit agents who supply players "to casinos on commission. Junkets are increasingly popular among gamblers seeking anonymity and among casinos aiming to reduce credit default risk."

The State Department report calls that relationship an "inherent conflict of interest" that presents significant challenges to anti-money laundering measures in the gaming sector.

Macau's Triad-tinted junket trouble is reminiscent of the Las Vegas of old, where the rewards were great but the risks sometimes cost casino kings dearly.

Time will tell whether anyone has learned from history.

John L. Smith's column appears Sunday, Tuesday, Wednesday and Friday. E-mail him at Smith@reviewjournal.com or call (702) 383-0295. He also blogs at lvvj.com/blogs/smith.

Find this article at:

<http://www.lvrj.com/news/macau-gamble-pays-off-but-draws-law-enforcement-scrutiny-117892979.html>

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Judge rules wrongful termination case can go forward

By Howard Stutz

LAS VEGAS REVIEW-JOURNAL

Posted: Mar. 15, 2011 | 12:03 p.m.

Las Vegas Sands Corp. lost two motions Tuesday to rid itself of a wrongful termination lawsuit filed by the former chief executive of its Macau subsidiary, but a company attorney vehemently denied some of the more incendiary issues raised in the court case.

Los Angeles attorney Patricia Glaser, representing the company's Sands China subsidiary, said former company official Steven Jacobs "lied to the court" when he said in documents the company had "couriered" \$68 million from its casinos in Macau to Las Vegas.

Glaser said the money transfer was "a good business practice" and used as a convenience for the company's customers.

Attorney Don Campbell, who represents Jacobs, who was fired last summer by the casino operator, said Las Vegas Sands "acted as the bank for its customers to the tune of \$68 million." Campbell said the money was credit and credit deposits by customers for gambling activity in Macau and Las Vegas.

Allegations raised in Jacobs' lawsuit have caused the Securities and Exchange Commission and the Department of Justice to open investigations of Las Vegas Sands for possible violations of the U.S. Foreign Corrupt Practices Act.

The company was seeking to have the case dismissed. Attorney Steven Peek argued that Jacobs, who started out as consultant to the company in early 2009 and eventually became president of the Macau operations later that year, was an employee of the Chinese subsidiary and not Las Vegas Sands.

Peek said Jacobs was listed as an executive officer for Las Vegas Sands for purposes of reporting to the SEC.

"He was not an employee of Las Vegas Sands," Peek said. "He was paid by (Venetian Macau Ltd.). He was a resident of Hong Kong. He enrolled his child in school there."

But Campbell, using several large displays, produced documents showing Jacobs' ties to Las Vegas Sands. Included was an Aug. 3, 2009, side letter he said was a term sheet negotiated by Jacobs and Las Vegas Sands President Michael Leven.

"That's not window dressing. It's exceedingly important," Campbell said. "It eviscerates any previous employment agreement."

Campbell said in the court that Jacobs' most recent W-2 tax form from the company identifies him as an employee of Las Vegas Sands.

Peek told District Court Judge Elizabeth Gonzalez the case should be tried in Macau where Sands China is based.

Gonzalez ruled Clark County had jurisdiction in the matter based on the various dealings between the parties in Las Vegas, where Las Vegas Sands is headquartered.

Gonzalez also rejected objections raised by Glaser, who argued that Sands China should be removed as a defendant.

Peek and Glaser said they would appeal the judge's decision to the Nevada Supreme Court.

Jacobs, who now lives in Florida, said after the hearing that Leven, a longtime hotel and lodging executive who became president of Las Vegas Sands in March 2009 hired his company, Vagus Group, as a consultant to the company's Macau operations.

According to statements at the hearing, when Jacobs became CEO of Sands China, he was given a salary of \$1.3 million and stock options in the subsidiary, which is traded publicly on the Hong Kong Stock Exchange.

Gonzalez also permitted cameras in the courtroom for the hearing over objections from Las Vegas Sands, which wanted to keep a camera from the Public Broadcasting Service television show "Frontline," from filming the proceedings. The Las Vegas Review-Journal had both a still photographer and video photographer in the courtroom.

The case is being monitored by Wall Street, which is worried that any overhang from the SEC and Department of Justice investigations could weigh on the company's stock price.

In a note to investors Monday, Jefferies & Co. gaming analyst David Katz said the investigation could last well into the summer months or longer.

"We believe the range or probability of specific outcomes is incalculable and do not presume a negative bias on the outcomes," Katz said. "Thus, we believe this issue, which is presently limited to the U.S. shares, should overhang the stock in the near-term."

Shares of the Las Vegas Sands, which are publicly traded on the New York Stock Exchange, closed Tuesday at \$37.94, down 68 cents, or 1.76 percent. Shares of the company had reached as high as \$50.65 on Feb. 3, before news of the SEC and Justice Department investigations was revealed earlier this month. Reuters News Service reported the FBI is also investigating the company.

In his lawsuit, Jacobs claims Las Vegas Sands Chairman and CEO Sheldon Adelson instructed him to "threaten to withhold Sands China business from prominent Chinese banks unless they agreed to use influence with newly elected senior government officials of Macau in order to ... obtain favorable treatment with regards to labor quotas and table limits."

Las Vegas Sands spokesman Ron Reese has said the company "adamantly denies the allegations in the Jacobs lawsuit."


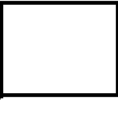
Contact reporter Howard Stutz at hstutz@reviewjournal.com or 702-477-3871.

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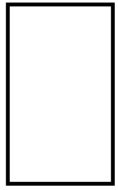
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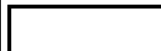



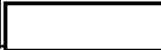


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1	SENSITIVE BUT UNCLASSIFIED								
2	Blackberry SMS Log - SA 								
3	07MAR2011 - 09MAR2011								
4									
5	App	Name/ID	Email	Message	To	From	Callback Number	Body	Send/Received
6	Blackberry SMS			Outgoing				 Did you have any luck reaching out to the locals? If you want me to do it, email me names, addresses, for you and your wife, and I'll make the calls. 	3/8/2011 16:35
7	Blackberry SMS			Outgoing				 Did you have any luck reaching out to the locals? If you want me to do it, email me names, addresses, for you and your wife, and I'll make the calls. 	3/8/2011 16:35

	A	B	C	D	E	F	G	H	I
8	Blackberry SMS			Outgoing				<div> <div></div> Did you have any luck reaching out to the locals? If you want me to do it, email me names, addresses, for you and your wife, and I'll make the calls. </div>	3/8/2011 16:35
9	Blackberry SMS			Outgoing				<div> <div></div> Did you have any luck reaching out to the locals? If you want me to do it, email me names, addresses, for you and your wife, and I'll make the calls. </div>	3/8/2011 16:35
10	Blackberry SMS			Outgoing				<div> <div></div> Did you have any luck reaching out to the locals? If you want me to do it, email me names, addresses, for you and your wife, and I'll make the calls. </div>	3/8/2011 16:35

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	J	K	L	M	N
1					
2					
3					
4					
5	Server Log Date	Message	Command	UID	SourceFile
6	3/8/2011 11:45	Tx_Sent	Add		
7	3/8/2011 11:45	Tx_Pending	Update		

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	J	K	L	M	N
8	3/8/2011 11:45	Tx Sendi ng	Update		
9	3/8/2011 11:45	Tx_Sent	Update		
10	3/8/2011 20:24	Tx_Sent	Update		

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[REDACTED]
From: [REDACTED]
Sent: Wednesday, March 16, 2011 9:37 AM
To: [REDACTED]
Subject: Fw: Hi [REDACTED] Missed the text last week.

----- SMS Text -----

From: [REDACTED]
Received: Mar 14, 2011 8:51 AM
Subject: Hi [REDACTED] Missed the text last week.

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Hi [REDACTED] Missed the text last week.

I spoke with St Augustine chief of police and have calls in to both dawsonville and sandy springs. Will forward conta

[REDACTED]
From: [REDACTED]
Sent: Wednesday, March 16, 2011 9:38 AM
To: [REDACTED]
Subject: Fw. ct info later today.

----- SMS Text -----

From: [REDACTED]
Received: Mar 14, 2011 8:51 AM
Subject: ct info later today.

ct info later today.

And on a related note... My wife sent me a blog stating their is now a 50k lb contract out of hk. Unlikely but... If you are inte

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[redacted]
From: [redacted]
Sent: Wednesday, March 16, 2011 9:38 AM
To: [redacted]
Subject: Fw: rested...

----- SMS Text -----

From: [redacted]
Received: Mar 14, 2011 8:51 AM
Subject: rested...

rested... Yahoo message board 5:32 yesterday by [redacted] (sp)

[Redacted]

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From: [Redacted]
Sent: Wednesday, March 16, 2011 9:40 AM
To: [Redacted]
Subject: Fw: Okay...

----- SMS Text -----

To: [Redacted]
Sent: Mar 14, 2011 8:57 AM
Subject: Okay....

Okay....call me when you get that info. Thx, [Redacted]

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[REDACTED]
From: [REDACTED]
Sent: Wednesday, March 16, 2011 9:40 AM
To: [REDACTED]
Subject: Fw: Will do

----- SMS Text -----

From: [REDACTED]
Received: Mar 14, 2011 9:06 AM
Subject: Will do

Will do

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Former Sands executive adds slander claim in lawsuit

By Howard Stutz

LAS VEGAS REVIEW-JOURNAL

Posted: Mar. 18, 2011 2:02 a.m.

The former chief executive of Las Vegas Sands Corp.'s Macau subsidiary amended his wrongful termination lawsuit against the company Wednesday to include a defamation of character charge after the company's chairman told the Wall Street Journal the ex-employee was "using outright lies and fabrications" to explain his departure.

A day after a Clark County District Court judge said she wouldn't dismiss the lawsuit filed in October by Steven Jacobs against Las Vegas Sands and Sands China subsidiary, his attorney added the defamation charge and included company Chairman and CEO Sheldon Adelson as a defendant.

Jacobs oversaw the company's three-resort operations in Macau for much of 2009 until last summer, when he was fired.

Allegations raised in Jacobs' lawsuit have caused the Securities and Exchange Commission and the Department of Justice to open investigations of Las Vegas Sands for possible violations of the U.S. Foreign Corrupt Practices Act.

After Tuesday's hearing, Adelson, in his first public comments on the case, told the Wall Street Journal that he wanted to address "the recycling of his allegations."

In comments posted on the newspaper's website, Adelson said "We have a substantial list of reasons why Steve Jacobs was fired for cause, and interestingly, he has not refuted a single one of them. Instead, he has attempted to explain his termination by using outright lies and fabrications, which seem to have their origins in delusion."

In the amended complaint, Las Vegas attorney Donald Campbell wrote that "the offending comments made by Adelson" were false and defamatory, distributed worldwide, were malicious, and intended to harm Jacobs' reputation.

Sands spokesman Ron Reese said Adelson's comments "speak for themselves and no further explanation is necessary."

The legal battle has drawn the interest of Wall Street. Analysts are fearful the SEC and justice department investigations could weigh down the stock price of Las Vegas Sands on the New York Stock Exchange. Shares have declined about 25 percent in value since the investigations were revealed.

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The company operates casinos in Las Vegas, Macau, Singapore, and Pennsylvania and is looking into other expansion opportunities.

Jacobs has alleged Adelson wanted him to use "improper leverage" against unnamed senior officials of the Macau government to help the company secure rights to sell apartments at its Four Seasons Macau.

He also said in court documents that Adelson wanted him to employ a Macau attorney who held a government position. Jacobs says he objected over concerns that the move could violate the U.S. Foreign Corrupt Practices Act, which bars companies from paying bribes to foreign officials to secure business advantage.

District Court Judge Elizabeth Gonzalez ruled Tuesday that Clark County was proper jurisdiction for the lawsuit and rejected a request to remove Sands China as a defendant.

Contact reporter Howard Stutz at hstutz@reviewjournal.com or 702-477-3871.

Find this article at:

<http://www.lvrj.com/business/former-sands-executive-adds-slander-claim-in-lawsuit-118226959.html>

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Memorandum



March 11, 2011

To : Ambassador [redacted]
From : [redacted]
Legal Attache [redacted] of Investigation
Subject: Las Vegas Sands Corporation, Foreign Corrupt Practices Act

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Case File/Serial: 205-LV-42684 (070kls07.memo)-61

Ambassador [redacted]

The attached LHM is being provided to you for your situational awareness. This investigation is a highly sensitive matter and would respectfully request that the information mentioned in the LHM not be discussed with other Country Team members other than the Deputy Chief of Mission.

Should you have additional questions, please don't hesitate to ask.

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THE WALL STREET JOURNAL.

WSJ.com

U.S. Opens Probe of Las Vegas Sands

SEC, Justice Department Investigate Compliance With Antibribery Laws in Connection with Macau Casino Operations

By

HONG KONG Las Vegas Sands Corp. said it is being investigated by U.S. authorities over its compliance with antibribery laws in its operations in Macau, which has become a cornerstone of the casino company's business and the gambling industry's major source of growth.



VENETIAN MACAO

Sands is expanding its presence in Asia. Above, the Venetian Macao on Macau's Cotai Strip.

Las Vegas Sands in its annual report filed Tuesday said it had received a subpoena from the U.S. Securities and Exchange Commission requesting that the company produce documents related to its compliance with the Foreign Corrupt Practices Act and that the Justice Department "is conducting a similar investigation." The law prohibits U.S. companies from making payments to foreign officials to get or keep business.

The Nevada Gaming Control Board has also initiated an investigation into the same matter, chairman Mark Lipparelli said. He declined to comment further.

Las Vegas Sands is expanding its presence in Asia as revenue from its Las Vegas operations remains stagnant. China's Macau overtook the Las Vegas Strip as the biggest gambling market in the world in 2006 and last year raked in about four times the Strip's revenue. Las Vegas Sands, which has three casinos in Macau, last year opened its first casino in Singapore.

The U.S., meanwhile, is stepping up enforcement of the Foreign Corrupt Practices Act. Eight of the top ten largest settlements under the law occurred last year, according to a report by law firm Hogan Lovells, which represents companies in FCPA matters.

Sands said it believed the subpoena stemmed from allegations in a wrongful-termination lawsuit filed in October against the company by its former head of Macau operations, Steve Jacobs.

Sands spokesman Ron Reese described the U.S. government investigations as "fact-finding inquiries" and denied the allegations made by Mr. Jacobs, the former chief executive of Sands China Ltd., as it did when he filed his lawsuit. Las Vegas Sands said it will cooperate with the federal investigations, as well as with the Gaming Control

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Board

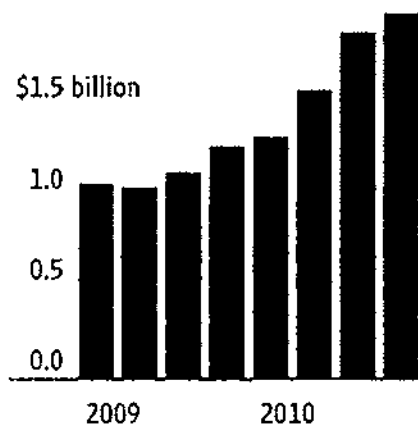
The SEC and the Justice Department declined to comment

The Pot Thickens

Macau has been increasingly important to results for casino operator Las Vegas Sands

■ Total revenue

■ Macau gambling revenue



Source: the company

Mr. Jacobs, in a suit filed in Nevada, said he was wrongfully fired after refusing to carry out illegal demands by Las Vegas Chairman Sheldon Adelson.

Mr. Jacobs's suit alleges that he was asked to use "improper leverage" against unnamed senior Macau government officials to help the company secure rights to sell apartments at its Four Seasons property. The lawsuit says he was asked to arrange "secret investigations" on the officials so that any negative information could be used against them.

A representative for Macau's government declined to comment when the suit was filed, but the city's top gambling regulator said recently he was unconcerned by Mr. Jacobs's allegations about the investigations.

Mr. Jacobs in his suit also says he was told to

threaten to withhold business from unnamed major Chinese banks "unless they agreed to use influence with newly elected senior government officials of Macau" to get "favorable treatment."

Mr. Jacobs declined to comment Tuesday.

Las Vegas Sands in July removed Mr. Jacobs as chief executive of Sands China. It subsequently said he had exceeded his authority and failed to keep the company's board informed of important business decisions.

In filings related to the lawsuit, he has denied those allegations.

Analysts said the U.S. investigations likely would have a negative effect on Sands' shares but that its operations probably wouldn't be hurt substantially. Sterne Agee analyst David Bain said the chance that the investigations would hurt Sands' attempts to enter additional markets, such as Japan, Taiwan, Korea and Spain, was "a fairly remote possibility." Sands' shares fell US\$2.94, or 6.3%, to US\$43.70 in 4 p.m. composite trading on the New York Stock Exchange.

Mr. Jacobs had been appointed as CEO in 2009 and oversaw the unit's US\$2.5 billion initial public offering of stock that November.

The Hong Kong Stock Exchange and Hong Kong's Securities and Futures Commission declined to comment.

Write to Kate O'Keeffe at kate@wsj.com or okkeffe@wsj.com

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DATE

3-23-11

TO

LV -



b6
b7C

FROM

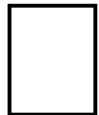
FIG 3.1 A

III #

205-LV-42684

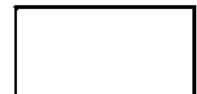
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NO RELEASED TO THE SOURCE OF ORIGIN FOR APPROPRIATE
DOCUMENT RETENTION

67



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205-LV-42684-67



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Automated Serial Permanent Charge-Out
FD 5a (1 5 94)

Date: 03/22/11 Time: 12:35

Case ID: 205-LV-42684 Serial: 68

Description of Document:

Type : SUBPOENA

Date : 03/09/11

To :

From : LAS VEGAS

Topic:

b3
b6
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Reason for Permanent Charge-Out:

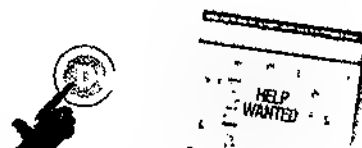
wrong file number on document;

Transferred to:

Case ID: 205 LV 42684 GJ Serial: 3

Employee:

205 LV-42684-3



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ISSUE 82 - Feb 2011

What do you think about the government's measures to curb property speculation?

They won't have any effect
Prejudicial for the real estate sector
Insufficient
Positive

RESULT

Clearer labour rules would be welcomed: US consul

Posted: 3/22/2011 3:04:57 PM

Excellent! Rate! Rating ☆☆☆☆☆ 0% votes

United States consul general for Macau and Hong Kong Stephen Young says there is a need for more understandable and transparent rules on imported labour in Macau.

Talking to reporters in Macau earlier today, Mr Young stressed that not only American investors in the territory, but all the business community would like to have a little bit more flexibility in importing labour.

He said that this issue is an on-going conversation between the US diplomats and the Macau government.

A flexible labour policy would be essential for economic diversification, which in turn would benefit Macau and its population, Mr Young said.

Nevertheless, the diplomat stressed the good working relationship with the Macau government. "We have worked very closely on law enforcement," he noted, referring to issues like narcotics, human trafficking and money laundering, areas in which reports from the US State Department have listed Macau as a jurisdiction of concern.

Mr Young downplayed concerns of Macau as a money laundering centre, noting that it is a problem connected with the fast growth of the gaming industry over the last years.

It is not that gaming is bad, it just brings some issues you have to follow up," he said.

Mr Young, who stressed he was not a gambler, said he would not comment on the court cases both in the United States and in Macau regarding former Sands China chief executive Steve Jacobs and his former employer.

According to the diplomat, it would be inappropriate to comment on a legal process.

In the lawsuit filed in a Nevada court, Mr Jacobs alleges he was wrongfully fired in the court filings he accused Sands China and its parent company Las Vegas Sands of using improper leverage against the Macau government officials.

Mr Young also refused to comment on a series of cables obtained from Wikileaks by Reuters quoting US diplomats who express Washington's concern about the VIP segment of the Macau casino industry and its connection with the main and underground.

However, he admitted that, one year after being appointed US consul general for Macau and Hong Kong, he is still puzzled about how the junket business in Macau really works, namely how the money flows from the mainland to Macau and vice versa and how gaming debts are collected by junkets across the border.

Talking about the pro-democracy movement in Macau, Mr Young said it seems a little less lively than in Hong Kong. "This place has been more quiet on that issue."

According to Mr Young, there are roughly 4,200 US citizens currently living in Macau. However, he says that the United States has no plan whatsoever to open a Macau consulate.

Mr Young will meet later today with representatives from the American Chamber of Commerce in Macau, the head of the liaison office of the central government in Macau and with chief executive Fernando Chu. Sa On.



Other Macau latest news

Inflation up again

February inflation up 0.5% from January, but still below target.

Hutchinson results jump

Hutchinson's 2010 results were up 10% from 2009.

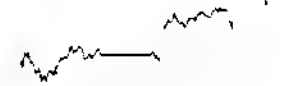
Ramesh Srivastava to lead Baidu

Baidu's new CEO Ramesh Srivastava will lead the company's expansion into the US market.

- 1 FBI also investigating Las Vegas Sands report
- 2 Sands Macao launches electronic table games stadium
- 3 Galaxy Macao to announce opening date on Thursday
- 4 VIP gaming growing faster than mass market
- 5 Japan earthquake to have limited influence on Macau casinos, analyst

STOCK

ASIA



US	
DJIA	
Nasdaq	2,581.18
S&P 500	1,293.91

Europe	
DAX	2,854.9
FTSE 100	6,186.91
FTSE 250	5,162.71

Asia	
Nikkei 225	9,618.32
Hang Seng	22,857.90
STRAITS TIMES INDEX	1,702.15
S&P ASX 200	4,643.40

2013.23 2011.3.24 2013.25

170 90 170 200 170 220



No Comments

2011-42634 69

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What do you think about the government's measures to curb property speculation?

They won't have any effect

Prejudicial for the real estate sector

Insufficient

Positive

RESULT

Sheldon Adelson opens fire on Steve Jacobs

Posted: 3/29/2011 4:59:43 PM

Excellent! Rate! Rating ★★★★★ 96% votes

Las Vegas Sands and subsidiary Sands China chairman Sheldon Adelson has once again strongly criticised former Sands China chief executive Steve Jacobs.

Talking at yesterday's J.P. Morgan Gaming, Lodging, Restaurant & Leisure Management Access Forum, Mr Adelson said the lawsuit filed by Mr Jacobs against Las Vegas Sands and subsidiary Sands China is not a serious case.

It is pure threatening, blackmailing and extortion. That is what it is all about, Mr Adelson said.

In the lawsuit filed in a Nevada court, Mr Jacobs alleges he was wrongfully fired. In the court filings, he accused Sands China and its parent company Las Vegas Sands of using "improper leverage against" Macau government officials.

The allegations included in Mr Jacobs' filings have prompted the Nevada Gaming Control Board, the U.S. Securities and Exchange Commission, the Department of Justice and the FBI to initiate investigations into wrong practices by Las Vegas Sands and its Macau subsidiary.

Mr Adelson said his companies are cooperating with authorities and he downplayed the accusations.

He even joked saying that investigators wanted to access his e-mails, but "don't have a computer".

"I am not an e-mail type of person. You cannot teach an old dog new tricks."

Mr Adelson went on and ironically wondered if Mr Jacobs' lawyers were expecting to see former chief executive Edmund Ho Hau Wah. It is successor Fernando Chui Sai On and secretary for Economy and Finance Francis Tam Pak Yuen saying they had received bribes from him.

When the smoke clears, I am 100 percent positive that there won't be any fire below it. What they investigators will find is a foundation of lies and fabrications that were designed for the sole purpose of trying to make a settlement for a lot more money than what he [Mr Jacobs] felt he was entitled to.

Mr Adelson also accused Mr Jacobs of destroying Sands China's relationships with junkets in Macau.

One of the reasons why we fired him was because we told him not to get involved with direct premium players the way he wanted to, Mr Adelson said.

He kicked off all the junket reps.

Now, we have to build back the relationship, said Mr Adelson.

For that, he explained, the company is cooperating with junket operators in the design of the customised VIP rooms at parcels 5 and 6 in Cotai. Sands China is also building new rooms for junkets at Plaza casino at the Four Seasons, which should be ready in six months.

That is the kind of attention they [junkets] want. They want to be recognized as more than just the middlemen.

Our policy is that the junket reps own Macau, Mr Adelson stressed.

Meanwhile, Mr Adelson confirmed the company is in talks with InterContinental Hotels Group P.L.C. but also with the Marriott International and Hilton to manage one hotel tower at parcels 5 and 6 in Cotai.

The move comes after Sands China announced the termination of an agreement with Shanghai to



Other Macau Latest News

CAM tel's airport management company its contract will not be renewed

C.M. Macau's airport management company its contract will not be renewed

Galaxy targets at curtailing local leaders

Galaxy targets at curtailing local leaders

Steve Wynn joins Barron's list of world's 10 best CEOs

Steve Wynn joins Barron's list of world's 10 best CEOs

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Steve Wynn joins Barron's list of world's 10 best CEOs

The Secret/Out

1 FBI also investigating Las Vegas Sands report

2 Sands China terminates agreement with Shanghai-La

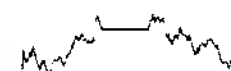
3 Sands China delivers report on investigations made by US regulators to Macau govt report

4 Japan earthquake to have limited influence on Macau casinos analyst

5 Jacobs lawsuit goes ahead in Nevada

STOCK

4HS



US

DJI

Nasdaq

S&P 500

2748.86

3113.79

Europe

Du Stoix 50

DAX

FTSE 100

2901.72

6917.70

5915.57

Asia

Nikkei 225

Hang Seng

STRATIS TIMES

NDEX

S&P ASX 200

9459.08

23060.36

4056.95

4755.80

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manage the hotel tower

Mr Adelson said the company continues to target launching the first phase of parcels 5 and 6 projects by the end of this year, with two other portions opening up in March and May 2012.

As for the employees needed to run the properties, Mr Adelson said the Macau government has reassured him that Sands China would have to hire one local for each non-local, unlike what happened with Galaxy Macau, set to open in May 15.

Mr Adelson said he was informed that that "was a special case," as allegedly Galaxy Entertainment Group had first rushed to hire non-residents, leaving the government unsatisfied. Eventually, the company was obliged to hire 4,000 locals in order to be allowed to import 2,000 workers.



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[redacted]
From: [redacted]
Sent: Wednesday, March 30, 2011 2:49 PM
To: [redacted]
Subject: Fw: Contact #'s for Police

[redacted]
As discussed, I reached out to the respective police Chiefs in each of the areas where I or my family reside. The Chiefs should now be back from their trips. They are aware that I am a witness in an ongoing investigation and I informed Chief Lueder of the surveillance on my St Augustine residence. I would appreciate a quick follow up call to each.

And while I know the chances are (were) slim... any progress on either the letter or the blog alleging a contract out of Hong Kong?

Thanks for your help. While I know the follow up call may be overkill... it won't hurt my sleep... or my wife's!

[redacted]
Chief Loren Lueder (pronounced "Lou der") St Augustine [redacted]

Chief Terry Sult: Sands Springs (atlanta) [redacted]

Sheriff Billy Carlisle: Dawson County (Lake House): [redacted]



[redacted]
✓ 209-LV-42684-71

[redacted]
From: [redacted]
Sent: Tuesday, March 29, 2011 5:49 PM
To: [redacted]
Subject: Fw. Fwd. Adelson goes after [redacted] again

----- Original Message -----

From: [redacted]
To: [redacted]
Sent: Tue Mar 29 17:29:53 2011
Subject: Fwd: Adelson goes after [redacted] again

Those in the know get it ... The real question is when will Sheldon get his?

Sent from my iPhone

Begin forwarded message.

From: "Intelligence Macau" <news@intelmacau.com>
Date: March 29, 2011 8:23:38 PM EDT
To: <mailto:[redacted]>
Subject: Adelson goes after [redacted] again

Intelligence Macau
Research and insight into the world's biggest gaming market

All the latest from Macau. Sheldon Adelson takes an ill-advised swipe at his tormentor, [redacted]

We told you it was personal now. Any defense lawyer worth their salt would have advised Sheldon Adelson, CEO of LVS and chairman of Sands China, not to say anything publicly about the ongoing lawsuit with [redacted] But he stood up at the JP Morgan conference in Las Vegas yesterday and obviously couldn't resist.

"It's not a serious case," he was quoted as saying by reporters present. Okay ... stop there, that's enough, we would have advised. But no: "It is pure threatening, blackmailing and extortion. That is what it is all about," Adelson said. Whoosh! Did you hear that? It was the sound of gasoline being poured on a fire.

It gets better, er, we mean worse. After making light of the investigations launched recently by the SEC, DOJ, and Nevada Gaming Control Board, joking that he can't give them any evidence because he doesn't use email, Adelson went on to jokingly, we hope - insinuate that [redacted] might be anticipating putting current and former Macau officials on the witness stand in their court case, which will be tried in Las Vegas. Invoking the names of former chief executive [redacted] current CE [redacted] and finance secretary [redacted] in such a context is already a political blunder. But to then make use of irony - a literary technique that has never taken root in Chinese society - to wonder whether [redacted] wants to see them admit Adelson paid them bribes, is to invite backlash from Chinese authorities who enjoy public insinuations of bribery as much as a hole in the head. In Chinese politics, you simply don't joke about such things, and especially not to a room full of people.

Remembering who his audience was at the conference, Adelson appeared to get a bit more serious again. "When the smoke clears, I am 1,000 percent positive that there won't be any fire below it. What they [investigators] will find is a foundation of lies and fabrications that were designed for the sole purpose of trying to make a settlement for a lot more money than what he felt he was entitled to." We can imagine heads went down as serious fund managers and institutional investors wrote down his every word, forgetting the fact that the SEC and DOJ have never actually said whether they are investigating the [redacted] allegations or something else.

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b7C

Bizarrely, Adelson then went on to draw attention to one of [redacted] more serious complaints in his case for wrongful termination. "One of the reasons why we fired him [was because] we told him not to get involved with direct premium players the way he wanted to. He kicked off all the junket reps. Now, we have to build back the relationship," Adelson said. If there was anyone from the SEC or DOJ sitting in the audience who has read [redacted] complaint about the reason why he didn't want to do business with junkets because he was worried they had links to organized crime – this would have raised a red flag instantly. Say what? You are strengthening your relationship with junkets?

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To be sure, it would have intrigued the Nevada Gaming Control Board to have heard that As [redacted] says in his complaint, he was concerned about a Reuters report noting the board's investigation into an alleged assassination contract put out by a junket rep on a Sands Macao dealer. Is it possible Adelson hasn't read this part of the complaint? "Our policy is that the junket reps own Macau," he stressed. Ah, so the recent US State Department report on Macau as a money-laundering center, apparently in the clutches of junkets that are processing payments for international drug cartels, is not to be taken seriously then.

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As expected, Adelson finished with a flourish, by leaking what we assume is confidential government information to the investment community. Unlike the situation with Galaxy Macau, he said, Sands China would be permitted to hire one foreigner for every one local at Lot 5&6 when it eventually opens. (Galaxy was given 2,000 blue cards for 4,000 locals.) Oh, really? A Chinese company whose chief executive sits on the CPPCC, and whose chairman is one of Hong Kong's most respected businessmen, and whose managing director has run the legal community in Macau for decades, has to make do with a 1:2 quota, but an American company that has done nothing but embarrass the government on this issue will be treated better? Their local legal counsel must be a magician. Or we can just imagine the yelling going on at Government HQ today when certain people read the Macau Daily Times over their morning espresso.

Stay tuned for the next outburst. We may even organize our own investors' conference just for the opportunity of inviting Adelson to speak at it. (Now that is a safe way to use irony.)

This message was sent to [redacted] from:

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Las Vegas Sands says Chinese authorities investigating Macau subsidiary

By Howard Stutz

LAS VEGAS REVIEW-JOURNAL

Posted: Mar. 31, 2011 | 6:23 a.m.

A publicly traded subsidiary of Las Vegas Sands Corp. told the Hong Kong Stock Exchange Thursday it was being investigated by Chinese authorities for alleged breaches of regulations.

Sands China Ltd., which covers the company's holdings in Macau, said it was asked by the Hong Kong Securities and Futures Commission to produce "certain documents," the company said in a statement to the stock exchange.

Analysts told various news services in Hong Kong the investigation concerns allegations that were raised in a wrongful termination lawsuit filed in Clark County District Court by Steven Jacobs, who spent more than a year as the CEO of Sands China.

In court filings, Jacobs accused Sands China and Las Vegas Sands of using improper leverage against Macau government officials.

The allegations have led to investigations by the Gaming Control Board, the Securities and Exchange Commission, the Department of Justice and the FBI into possible violations of the U.S. Foreign Corrupt Practices Act.

"If it is just Steve Jacobs again, I don't think it is a big issue," Gabriel Chan, an analyst at Credit Suisse in Hong Kong told Reuters News Service. "The SFC has to respond to the FBI and the SEC in the States, so if it is not really new news, I am not that worried about it."

Las Vegas Sands Chairman Sheldon Adelson has said the ex-employee's lawsuit was "pure threatening, blackmailing and extortion. That is what it is all about."


According to Bloomberg News Service, Sands China shares fell the most in more than three months in Hong Kong trading on March 2 after Las Vegas Sands revealed the investigations.

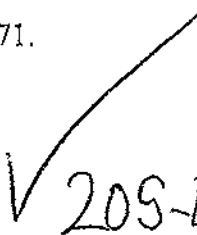
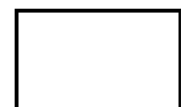
At an investment forum, Adelson said the Jacobs' lawsuit "was not a serious case." He said the company was cooperating with authorities.

Contact reporter Howard Stutz at hstutz@reviewjournal.com or 702-477-3871.

Find this article at:

<http://www.printthis.clickability.com/pt/cpt?expire=&title=Las+Vegas+Sands+says+Chine...> 3/31/2011


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205-LV-42684-13

<http://www.lvrj.com/business/las-vegas-sands-says-chinese-authorities-investigating-macau-subsiary-118983439.html>

☐ Check the box to include the list of links referenced in the article

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 04/06/2011

To: Las Vegas

From: Las Vegas

Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Case strategy conference call with new SEC attorneys assigned to the case.

Details: On 04/06/2011, a conference call was held to discuss the above-captioned investigation. Participating in the conference call were SEC attorneys [REDACTED] and [REDACTED] DOJ Trial Attorneys Joey Lipton and Daniel Braun; and writer. The SEC attorneys were recently assigned to the investigation after SEC attorneys [REDACTED] and [REDACTED] stepped down due to an undisclosed conflict of interest.

A thorough case summary was presented by the DOJ Trial Attorneys and the FBI. Case strategy and the next investigative steps were discussed and agreed to by the participants.

♦♦

UNCLASSIFIED

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205-LV-42684-714

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May 3rd, 2011

[redacted]
FBI
Washington, DC 20535

Dear [redacted]

There may be an interesting violation of law at the west end of McCarran Airport that could pose a threat to airline security. Several billboards were built on a parcel of land that is county owned in a FAA flight path. It is my understanding that the law specifically states that no structures shall be built over 18" in height of a flight path. These structures are over 40' in height and weigh about 10 tons each. I am concerned the FAA may have been deceived and the billboards were built higher than allowed.

The gentlemen behind this is a notorious gambler that was just featured on the show, 60 Minutes. This individual's name is Mr. [redacted] and he appears to violate and manipulate the system when the government is involved. Since none of the revenue generated by the billboards was ever shared with the county based on the agreement between [redacted] and the county, millions of dollars may have been diverted to support his offshore gambling enterprise and to support his unnamed partners.

As for the unlawful billboards at the airport, they pose a security threat (because of their east/west orientation) they have a direct and unencumbered line of sight to aircraft and pose a collision danger.

A good source of information regarding this matter may be a [redacted] at Las Vegas Billboards, who was in a lawsuit with the county and has done an investigation into this matter and has the documents.

Also, two airport operators, [redacted] and [redacted] may have been involved. They may have been manipulating the system of billboard operators at the airport to a shell corporation that they may benefit from. Just recently, they eliminated the need for their "new" corporation to pay the minimum lease rent that other operators pay. It will help their cash flow and could deprive the county of millions in revenue over the years.

I believe the bank accounts of these three individuals should be investigated for the last 20 years. It is suspicious how concessions at McCarran Airport are granted and how billboards are given approval.

Copies sent to: Dept. of Homeland Security
FAA
Secret Service

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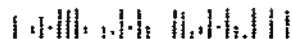
FBI *7142*
935 Pennsylvania Avenue
Washington, DC 20535

Opened & Inspected

MAY 13 2011

Mail Services #29

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 04/04/2011

To: Las Vegas

Attn: SA [REDACTED]

From: Las Vegas
Squad 15

Contact: SOS [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending) - 75

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Assessments on Sheldon Adelson, [REDACTED]
[REDACTED] and [REDACTED]

Administrative: BSA Warning: The enclosed information was collected and disseminated under provisions of the Bank Secrecy Act (the BSA) and U.S. Department of the Treasury regulations implementing the BSA. See 31 U.S.C. 5311, et seq.; 31 CFR Part 103. The information is sensitive in nature and is to be treated accordingly. The information may be used only for a purpose related to a criminal, tax, or regulatory investigation or proceeding, or in the conduct of intelligence or counterintelligence activities to protect against international terrorism, or for a national security matter. See 31 U.S.C. 5311. The information cannot be further released, disseminated, disclosed, or transmitted without prior approval of the Director of the Financial Crimes Enforcement Network or his authorized delegate. Suspicious activity reports filed under the BSA must be treated with particular care given that they contain unsubstantiated allegations of possible criminal activity, akin to confidential informant tips. Such reports, or the fact they have been filed, may not be disclosed by a government employee to any person involved in the transaction, "other than as necessary to fulfill the official duties of such officer or employee." 31 U.S.C. 5318 (g)(2)(ii). Unauthorized release of information collected under the BSA may result in criminal or civil sanctions.

UNCLASSIFIED

43527-11

205-LV-42684-75

UNCLASSIFIED

To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 04/04/2011

Details: The FIG was tasked to compile known information on persons of interest in the above investigation to include the following: Sheldon Adelson, [redacted] and [redacted]

[redacted] This investigation concerns the Foreign Corrupt Practices Act, due to the Las Vegas Sands Corporation's employment of a lawyer, [redacted] who also retains a government position in Macao as a member of their Executive Council.

The following analysis uses information from databases: Automated Case support (ACS), National Crime Information Center (NCIC), [redacted], open source search engine Google.

[redacted]

[redacted]

[redacted]

[redacted]

UNCLASSIFIED

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UNCLASSIFIED

To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 04/04/2011

FBI databases found [REDACTED]

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[REDACTED] has been identified in FBI files, however due to the sensitive classification and information contained in these files, please contact the writer for their contents.

♦♦

UNCLASSIFIED

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 04/06/2011

To: Canberra

Attn: ALAT [REDACTED]

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b7E

From: Las Vegas

Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: To set lead for Legat Canberra to identify and locate a witness in the above-captioned investigation, and to coordinate the contact of this witness by U.S. law enforcement personnel with [REDACTED]

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Details: In November 2010, Las Vegas opened an FCPA investigation into the Las Vegas Sands Corp (the Sands), focusing on the activities of its executives primarily through its majority-owned subsidiary, Sands China Ltd (Sands China). This investigation is being prosecuted by DOJ Fraud Section attorneys in Washington, D.C. The SEC has opened a parallel civil investigation into the matter, [REDACTED]

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[REDACTED] who was fired as [REDACTED] in July, 2010, filed a civil wrongful-termination lawsuit against the Sands in Clark County (Nevada) Court in October, 2010. Shortly after filing his civil suit, [REDACTED] through his attorneys, contacted DOJ and advised that he had information regarding possible violations of the Foreign Corrupt Practices Act (FCPA) related to the Sands and their casinos in Macau. [REDACTED] was responsible for the overall operation of the Sands' properties in Macau, which include casinos, hotels, retail and convention centers, from March 2009 through July 2010.

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UNCLASSIFIED

43071-11

205-LV-42684-74

UNCLASSIFIED

To: Canberra From: Las Vegas
Re: 205-LV-42684, 04/06/2011

In December 2010 and January 2011, [] was interviewed by the agents and attorneys assigned to this investigation. [] provided information and documents supporting possible FCPA violations related to the Sands' activities in their Macau casinos.

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In February 2011, the SEC served a subpoena on the Sands for evidence related to the FCPA allegations. The Sands appears to be cooperating with the investigation, and has commissioned its audit committee to conduct its own investigation and report the results to the SEC.

After the SEC issued its subpoena, the Sands disclosed the SEC's investigation to its shareholders and the public. This disclosure generated a large amount of publicity worldwide.

During his interviews, [] identified several former Sands executives who may have information related to this investigation. One of these persons is believed to be an Australian citizen who may currently be living in Brisbane, Australia. Pedigree information we have been able to gather on him is listed below:

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Name:	[]
Race:	White
Sex:	Male
DOB:	[]
Passport #:	[] (Australian)
Residence:	Brisbane (possible)
Miscellaneous:	Adviser to the President of the Sands in July 2010 (no longer serving in that capacity); Executive Director of Sands China from 8/18/09 - 6/19/10; Chief Development Officer of Sands China (time-frame unknown); joined the Sands in August 2005 and served as President of Asian subsidiary of the Sands in Sept. 2006; 12 years of private practice as a property lawyer and subsequently in senior management positions with Savills and Jones Lang LaSalle in Australia; Solicitor of the Supreme Court of Queensland and High Court of Australia; Bachelor of Law degree from Queensland University of Technology and Masters of Business Administration from the University of Southern Queensland.

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UNCLASSIFIED

UNCLASSIFIED

To: Canberra From: Las Vegas
Re: 205-LV-42684, 04/06/2011

Due to the extremely complex and sensitive nature of this investigation, the DOJ, SEC and FBI personnel involved would like to interview [redacted] in person, at a location of his convenience. Writer understands that contact with [redacted] who is considered a witness and not a subject of this investigation, will likely be required to include the participation of the [redacted]. Writer simply requests that the investigating U.S. law enforcement personnel be allowed to conduct the [redacted] interview and document its results, along with the [redacted] participation in the interview, as required.

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At this time, the DOJ, SEC and FBI personnel involved in this matter would like to identify, locate and obtain contact information on [redacted]. The U.S. law enforcement personnel would then like to make telephonic contact with [redacted] to determine if he has information that may be of interest and would be willing to be interviewed. Las Vegas requests Legat Canberra's assistance in this endeavor.

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UNCLASSIFIED

UNCLASSIFIED

To: Canberra From: Las Vegas
Re: 205-LV-42684, 04/06/2011

LEAD(s) :

Set Lead 1: (Action)

CANBERRA

AT CANBERRA, AUSTRALIA

Identify, locate and obtain contact information on [redacted] a white male, DOB [redacted] Australian Passport # [redacted] possibly a resident of Brisbane, Australia. Provide this contact information to writer, and set the ground rules involving [redacted] for U.S. law enforcement personnel to make telephonic contact with [redacted] to determine if he would be willing to provide an interview.

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UNCLASSIFIED

[redacted]
From: [redacted]
Sent: Thursday, April 07, 2011 9:31 AM
To: [redacted]
Subject: Misc

[redacted] I talked to our Corp Sec Chief yesterday. He apologizes for the delays but he says there is an agent working on everything. Regarding the lawsuit – they requested that back when the story broke and was given the run-around. They have requested it several times since and finally [redacted] (the Venetian attorney) told us last week, that there is a Macau law that prohibits them releasing it and people will go to prison if they give it to us. We asked for a copy of the specific statute [redacted] was referring to. Still no response.

I'm sure there will be more to come on this. See you next week. [redacted]

[redacted] Supervisor
Special Investigations Section
Nevada State Gaming Control Board
[redacted] (desk)
[redacted] (cell)

Important: This communication, including any attachments, may contain confidential information and is intended only for the individual or entity to whom it is addressed. Any review, dissemination, or copying of this communication by anyone other than the intended recipient is strictly prohibited. If you are not the intended recipient, please contact the sender by reply e-Mail and delete all copies of the original message.

✓ 209-LV-42684-77

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ISSUE 83 - Mar 2011

VOLUME 83

What do you think about the government's measures to curb property speculation?

They won't have any effect

Prejudicial for the real estate sector

Insufficient

Positive

RESULT

Need to revise junket rules: Jorge Oliveira

Posted 12/9/2010 2:40:26 PM

Excellent!

Rate

Rating ☆☆☆☆ 52% 5 votes

Jorge Oliveira, the Gaming Commission's former legal affairs chief, says more laws are needed to regulate the casinos and he has called for an overhaul of the junket's.

In an exclusive interview published in this month's issue of Macau Business, Mr Oliveira says that the Soconslut affair was not what made him leave the government.

He also says that more laws are still needed in gaming.

The Macau legal regulatory framework still lacks laws and regulations on the special gaming tax, gaming chips, gaming areas, crimes related to gaming operations, disciplinary offences, key casino employees, et cetera, he said.

Mr Oliveira noted drafts covering all these areas were ready for government approval when he left the Gaming Commission.

In the interview, Mr Oliveira also opposed the concentration of more economic activities in the hands of casino operators, and he says he continues to resist the idea that Macau should fully open its casino industry.



Other Macau Latest News

Non gaming to continue to grow at Meico Crown, Nick Naples

Nick Naples, Meico Crown's Managing Director, says the company's non-gaming business will continue to grow, despite the challenges posed by the current economic environment.

Singapore regulator probing claims of a 'leged' legal activities in casinos

The Singapore Police Force is probing claims that a group of individuals were involved in illegal activities in casinos, including the use of illegal gaming machines.

Westin Resort wants to be back on top, general manager

The Westin Resort's general manager says the company is working to improve its performance and regain its position as a leading resort in the region.

House sales drop in February

The number of house sales in Macau dropped in February, according to the latest data from the Macau Real Estate Association.

Title Submit

- 1 Sheldon Adelson opens fire on Steve Jacobs
- 2 Sands China terminates agreement with Shangri-La
- 3 Galaxy leaves bottom of market share ranking
- 4 Cambodia to grant visas-on-arrival to Macau passport holders
- 5 Sands needs 7,000 workers for parcels five and six

STOCK

HIS



US

Dow 2794.86
Nasdaq 2794.86
S&P 500 1333.89

Europe

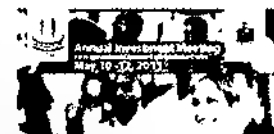
D. Stoxx 50 2960.54
DAX 2208.14
FTSE 100 6047.59

Asia

Nikkei 225 9765.08
Hang Seng 24396.07
STRAITS TIMES 218.3
NDEX 4940.60
S&P ASX 200 4940.60

2011 4.8 2011 4.9 2011 4.10

19 C 27 C 19 C 26 C 17 C 25 C



No Comments

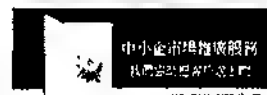
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Leave a comment

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2011-4-26-79



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UPDATE 1-S'pore casino regulator probing claims of illegal activity

4.43am EDT

(Adds comments from casino regulator)

SINGAPORE, April 8 (Reuters) - Singapore's casino regulator is investigating allegations of illegal activities in the city-state's casinos, its spokesman said on Friday.

The regulator has "received some information alleging illegal activities in the casinos. The authorities take these allegations seriously and have initiated investigations," the Casino Regulatory Authority (CRA) said in an emailed statement.

The investigations follow comments from Las Vegas Sands' chief executive, Sheldon Adelson, that unlicensed junket representatives could be operating in Singapore.

Junket operators bring in gambling groups in return for commissions from casinos.

"Adelson, on his part, has informed CRA of his concerns over alleged illegal activities at the casinos. CRA has asked Adelson and MBS to provide further information," CRA said.

Las Vegas Sands owns Marina Bay Sands, a \$5.5 billion casino in Singapore, while Genting Singapore operates the only other casino, Resorts World Sentosa, in the city-state.

The Casino Control Act provides for the licensing of junket operators and representatives in Singapore and junket operators that meet the regulatory requirements would be allowed to operate in Singapore after being licensed, CRA said.

So far, no licenses have been issued.

The CRA said it has received junket applications endorsed by Resorts World Sentosa and is currently processing them.

Adelson's own operations in Macau are under investigation by the Hong Kong Securities and Futures Commission and the company also faces a U.S. lawsuit alleging corruption and bribery.

Sands China Ltd disclosed the investigation in late March.

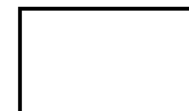
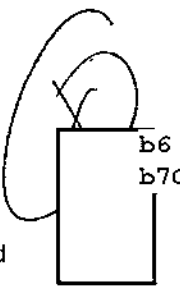
The company is being sued by its former chief executive, Steve Jacobs, who said he was ordered to use "improper leverage" against Macau government officials to help expand the company's operations.

An investigative report by Reuters in March disclosed that Jacobs played a key role in the expansion of Sands China, but clashed repeatedly with Adelson over hiring more junket operators, who in the past have been connected with triad criminal gangs. [here] (Reporting by Charmian Kok, Editing by Matt Driskill)

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✓ 20S-LV-42684-7A



Embassy of the United States of America

Office of the Legal Attaché
US Consulate
MLC Centre, 19-29 Martin Place
Sydney NSW 2000
Tel. (02) 9373- 9216

File No. 205-LV-42684 / 5

15 April 2011

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Via email:

Re:

Dear

As we discussed on the telephone on 14 April 2011, the Federal Bureau of Investigation (FBI) Las Vegas Field Office (Las Vegas) has opened a Foreign Corrupt Practices Act (FCPA) investigation into the Las Vegas Sands Corporation (the Sands). By way of background, the FCPA prohibits bribes and other corrupt practices by U.S. corporations in overseas environments. The Las Vegas investigation is focused on the activities of the Sands executives primarily through its majority-owned subsidiary, Sands China Ltd (Sands China). The U.S. Securities and Exchange Commission (SEC)

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The predication for the investigation into the Sands is based upon information from [redacted] From March, 2009 through July, 2010, [redacted] was the [redacted] [redacted] As the [redacted] was responsible for the overall operation of the Sands' properties in Macau which included casinos, hotels, retail and convention centers. [redacted] was terminated as [redacted] in July, 2010. After he was fired, [redacted] filed a civil wrongful-termination lawsuit against the Sands in Nevada's Clark County Court in October, 2010. Shortly after filing his civil suit, [redacted] attorneys contacted the U.S. Department of Justice (DOJ) and advised [redacted] had information regarding possible violations of the FCPA in relation to the Sands and its casinos in Macau.

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This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

Scanned + emailed
on 4/19/11 [redacted]

205-LV-42684-80

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In December, 2010 and January, 2011, [] was interviewed by agents and attorneys from the FBI, SEC and DOJ. [] provided information and documents in support of his allegations of FCPA violations by the Sands in relation to Sands China activities pertaining to the Macau casinos.

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In February 2011, the SEC served a subpoena on the Sands for evidence related to the FCPA allegations. The Sands appears to be cooperating with the investigation and has commissioned an audit committee to conduct an internal investigation and report the results to the SEC. After the SEC issued its subpoena, the Sands disclosed the SEC's investigation to its shareholders and the public. This disclosure generated a large amount of publicity worldwide.

During his interviews, [] identified several former Sands executives who may have information related to this investigation. One of the persons identified by [] was [] Investigation by Las Vegas indicates [] is an Australian citizen who may currently live in Brisbane, Australia. At this time, [] is not a subject of the Las Vegas FCPA investigation and is considered a witness only. Las Vegas investigation further identified [] as follows:

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Name: []
Race: White
Sex: Male
DOB: []
Passport #: [] (Australian)
Residence: Brisbane (possible)
Miscellaneous: Adviser to the President of the Sands in July 2010 (no longer serving in that capacity); Executive Director of Sands China from 8/18/09 - 6/19/10; Chief Development Officer of Sands China (time-frame unknown); joined the Sands in August 2005 and served as President of Asian subsidiary of the Sands in Sept. 2006; 12 years of private practice as a property lawyer and subsequently in senior management positions with Savills and Jones Lang LaSalle in Australia; Solicitor of the Supreme Court of Queensland and High Court of Australia; Bachelor of Law degree from Queensland University of Technology and Masters of Business Administration from the University of Southern Queensland.

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Due to the extremely complex and sensitive nature of this investigation, FBI personnel would like to interview [] in person at a location of his convenience. This letter is intended to provide [] the current facts of this investigation and confirm [] authorization for the FBI to contact [] directly to request his consent to an interview. The FBI anticipates contacting [] via telephone and e-mail to request a personal interview and make arrangements for this interview to be conducted.

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As we discussed, should [] provide consent, the interview would be jointly conducted by FBI and [] personnel. If [] agrees to be interviewed, the FBI will

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contact [redacted] to coordinate implementation of the joint [redacted] FBI interview. If [redacted] declines to be interviewed, the FBI will notify you of that result.

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REQUEST OF [redacted]

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The Las Vegas Field Office of the FBI respectfully requests [redacted] review the above details and confirm the current location for [redacted] born [redacted] Australian passport number [redacted]. The Las Vegas Field Office further requests the [redacted] determine current telephone and e-mail contact information for [redacted] and facilitate contact from FBI personnel to request [redacted] consent to a joint [redacted] FBI interview regarding allegations of Foreign Corrupt Practices Act violations by the Las Vegas Sands Corporation and its majority-owned subsidiary, Sands China Ltd.

Please refer to the above captioned Legal Attaché file number when contacting this office regarding this matter. Inquiries and/or responses should be directed to Assistant Legal Attaché [redacted] office telephone number [redacted] mobile telephone number [redacted] [redacted] or e-mail address [redacted]. It is requested that written responses be sent via e-mail. As always your assistance in this matter is greatly appreciated.

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Sincerely yours,

[redacted]

Legal Attaché

[redacted]

Assistant Legal Attaché

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 04/19/2011

To: International Operations

Attn: Asia Unit

UC [redacted]

SSA [redacted]

SSA [redacted]

FOS [redacted]

✓ Las Vegas

Criminal Investigative

Attn: SA [redacted]

Attn: International Corruption Unit

SSA [redacted]

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From: Hong Kong

Contact: Legat [redacted]

Approved By: [redacted]

Drafted By: [redacted]

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Case ID #: 80-HK-C18627 (Pending)
✓ 205-LV-42684 (Pending) -81

Title: RELATIONS WITH U.S. CONSULATE
HONG KONG

LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT;
SENSITIVE INVESTIGATIVE MATTER

Synopsis: To report participation by Legat [redacted] in a country team brief of a Congressional Delegation led by Senator Harry Reid.

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Details: On 04/19/2011, Legat [redacted] participated in a country team brief of the following Congressional Delegation (CODEL):

Harry Mason Reid, Senator
Richard, Craig Shelby, Senator
Barbara Boxer, Senator
Richard Joseph Durbin, Senator
Michael Bradley Enzi, Senator
Charles Ellis Schumer, Senator
Frank Raleigh Lautenberg, Senator
John Hardy Isakson, Senator

UNCLASSIFIED

SA [redacted]

205-LV-42684-81

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UNCLASSIFIED

To: International Operations From: Hong Kong
Re: 80-HK-C18627, 04/19/2011

Jeffrey Alan Merkley, Senator
Michale Farrand Bennet, Senator

Brian Monahan, Admiral

[redacted] staff

[redacted] Colonel

[redacted] Lieutenant Colonel

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Senator Reid advised he wanted to know about the money laundering situation in Macau. Senator Reid stated that he believed Macau was a disaster waiting to happen and that it had all the elements of a problem. Consul General [redacted] asked Legat [redacted] to comment. Legat [redacted] advised that he agreed with Senator Reid, and cited that Hong Kong law enforcement have stated they have basically exported the Triad organized crime problem to mainland China. In addition, given the rampant corruption in China, coupled with the huge inflow of money into Macau, that the elements were there for a money laundering problem. Legat [redacted] advised, however, that recently the FBI has not had any investigations in Macau because nothing with a U.S. connection has been uncovered. In regards to the investigation surrounding the Sands Casino, Legat [redacted] advised that the Legat office has had no taskings regarding this matter, and if Senator Reid was desirous of a briefing he may wish to contact FBIHQ or the Las Vegas Division.

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The CODEL asked various questions regarding China's navy, economy, leadership succession, and recent crackdowns on human rights. The CODEL is scheduled to visit Macau and Beijing. A copy of their itinerary is uploaded as a separate serial.

Lead set to Hong Kong to participate in the CODEL country team brief is considered covered.

UNCLASSIFIED

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To: International Operations From: Hong Kong
Re: 80-HK-C18627, 04/19/2011

LEAD(s) :

Set Lead 1: (Action)

HONG KONG

AT HONG KONG, CHINA

Participate in country team brief of CODEL led by
Senator Harry Reid.

Set Lead 2: (Info)

ALL RECEIVING OFFICES

Read and clear.

♦♦

UNCLASSIFIED

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
MOBILE DIVISION

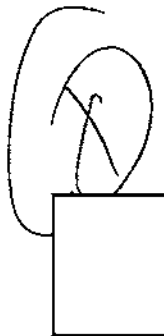


200 N. Royal Street
Mobile, AL 36602

Case Number: 205-LV-42684
Job Number: 29
Date: 03/01/2011
Source Language: Portuguese
Target Language: English
Translated by:

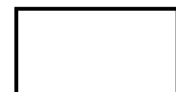
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SUMMARY TRANSLATION



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205-LV-42684-82



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[redacted] stated that in his opinion there is a need to amend the rules of the Legislative Assembly so that there is more time for discussion among its members. The Legislative Assembly has 29 members, [redacted] and [redacted]. There are only 4 lawyers and he feels that a debate among them is not possible. He would like the Legislative Assembly to have more lawyers or members with some training in this area so that debates would be possible. [redacted] stated that he has been with the Assembly since 1984 and has been playing the roles of the Legislative Assembly and Executive Council for almost six years. He feels that he is always available for any position that he that he can perform and have support. He stated that there is no conflict of interest in his part with his position with Las Vegas Sands and being a member of the Legislative Assembly. However, he is being accused of using privileged information to which he had access to by [redacted]. [redacted] said that he will react to what he thinks is appropriate to defend his name.

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[redacted]
From: [redacted]
Sent: Wednesday, April 20, 2011 8:48 PM
To: [redacted]
Cc: [redacted]
Subject: RE: [redacted] [SEC=UNCLASSIFIED]

Thanks, [redacted] I'll touch bases with you as things develop.

Regards,

[redacted]
FBI ALAT, Sydney

Cell: [redacted]

Desk: [redacted]

From: [redacted]
Sent: Wednesday, April 20, 2011 8:24 PM
To: [redacted]
Cc: [redacted]
Subject: RE: [redacted] [SEC=UNCLASSIFIED]

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-----Original Message-----

From: [redacted] [mailto:[redacted]]
Sent: Thursday, 21 April 2011 9:59 AM
To: [redacted]
Cc: [redacted]
Subject: RE: [redacted] [SEC=UNCLASSIFIED]

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[redacted]
We don't have contact info at this point. Whatever you can do to help us get current contact info would be appreciated.

I've copied in the Las Vegas case agent, SA [redacted] will keep working it from his end. I would imagine there are people at the Sands who may have a point of contact for him. We can check that and some other options.

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To let you know, [redacted] advised yesterday the prosecutors working this case want us to halt interviews for a bit in order to consolidate and gain a better understanding of the information already obtained. So at this point, Las Vegas would like to obtain current contact information for [redacted] but we'll hold off on any contact until the light turns green again.

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Regards,

[redacted]
FBI ALAT, Sydney

Cell: [redacted]

Desk: [redacted]

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From: [redacted]

Sent: Wednesday, April 20, 2011 2:02 AM

To: [redacted]

Cc: [redacted]

Subject: FW: [redacted] [SEC=UNCLASSIFIED]

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-----Original Message-----

From: [redacted] [mailto:[redacted]]

Sent: Tuesday, 19 April 2011 4:32 PM

To: International-Reception; [redacted]

Subject: [redacted]

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b7C

Good Afternoon,

Please see attached request regarding the interview of [redacted]

If you have any questions, please do not hesitate to contact me.

Sincerely,

[Redacted]

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b7E

[Redacted]

Legat Operations Assistant
Office of the Legal Attache
U.S. Consulate Sydney

[Redacted] or

[Redacted]

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[Redacted]

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Holland & Hart LLP
3800 Howard Hughes Parkway, Tenth Floor
Las Vegas, Nevada 89169
Phone: (702) 669-4600 • Fax: (702) 669-4650

1 ANAC

2 J. Stephen Peek, Esq.

3 Nevada Bar No. 1759

4 Justin C. Jones, Esq.

5 Nevada Bar No. 8519

6 HOLLAND & HART LLP

7 3800 Howard Hughes Parkway, 10th Floor

8 Las Vegas, Nevada 89169

9 (702) 669-4600

10 (702) 669-4650 – fax

11 speek@hollandhart.com

12 jcjones@hollandhart.com

13 *Attorneys for Defendant Las Vegas Sands Corp.*

14 **DISTRICT COURT**

15 **CLARK COUNTY, NEVADA**

16 STEVEN C. JACOBS,

17 Plaintiff,

18 v.

19 LAS VEGAS SANDS CORP., a Nevada
20 corporation; SANDS CHINA LTD., a Cayman
21 Islands corporation; SHELDON G. ADELSON,
22 in his individual and representative capacity;
23 DOES I-X; and ROE CORPORATIONS I-X,

24 Defendants.

CASE NO.: A627691-B

DEPT NO.: XI

Date: n/a

Time: n/a

**LAS VEGAS SANDS CORP.'S ANSWER
TO FIRST AMENDED COMPLAINT
AND COUNTERCLAIM**

25 Las Vegas Sands Corp. ("LVSC"), by and through its undersigned counsel, the law firm
26 of Holland & Hart LLP, hereby answers the First Amended Complaint of Plaintiff Steven C.
27 Jacobs:

28 **PARTIES**

1. LVSC is without sufficient knowledge or information to form a belief as to the
truth of the allegations contained in Paragraph 1 of the First Amended Complaint, and on that
basis denies each and every allegation contained therein.

2. LVSC admits the allegations contained in Paragraph 2 of the First Amended
Complaint.

3. LVSC admits that Sands China Ltd. ("Sands China") is a Cayman Islands
corporation and that Venetian Macau Limited is the holder of a subconcession granted by the

✓ 209-LV-42884-84

1 Macau government. LVSC denies the remaining allegations contained in Paragraph 3 of the
2 First Amended Complaint.

3 4. LVSC admits that Sheldon G. Adelson ("Adelson") is a citizen of Nevada, that
4 Adelson is the Chairman of the Board and Chief Executive Officer of LVSC, and that Adelson is
5 the Chairman of the Board of Sands China.

6 5. LVSC is without sufficient knowledge or information to form a belief as to the
7 truth of the allegations contained in Paragraph 5 of the First Amended Complaint, and on that
8 basis denies each and every allegation contained therein.

9 6. LVSC denies the allegations contained in Paragraph 6 of the First Amended
10 Complaint.

11 JURISDICTION AND VENUE

12 7. Concerning Paragraph 7 of the First Amended Complaint, LVSC admits that the
13 Court has personal jurisdiction over LVSC and Adelson. LVSC denies that the Court has
14 jurisdiction over Sands China Ltd.

15 8. Concerning Paragraph 8 of the First Amended Complaint, LVSC admits that
16 venue is proper in this Court with regards to LVSC and Adelson. LVSC denies that venue is
17 proper as to Sands China Ltd.

18 ALLEGATIONS COMMON TO ALL CLAIMS

19 9. LVSC admits that through its subsidiaries, it indirectly owns properties in Las
20 Vegas, Nevada, and Singapore and has an indirect majority ownership interest through its
21 subsidiaries in properties in Macau and Bethlehem, Pennsylvania. LVSC denies all remaining
22 allegations in Paragraph 9 of the First Amended Complaint.

23 10. LVSC admits that through its subsidiaries, its indirect ownership of properties in
24 Las Vegas includes The Palazzo Resort Hotel Casino, The Venetian Resort Hotel Casino, and the
25 Sands Expo and Convention Center. LVSC denies all remaining allegations contained in
26 Paragraph 10 of the First Amended Complaint.

27 11. LVSC admits the allegations contained in Paragraph 11 of the First Amended
28 Complaint.

- 1 12. LVSC denies the allegations contained in Paragraph 12 of the First Amended
- 2 Complaint.
- 3 13. LVSC denies the allegations contained in Paragraph 13 of the First Amended
- 4 Complaint.
- 5 14. LVSC denies the allegations contained in Paragraph 14 of the First Amended
- 6 Complaint.
- 7 15. LVSC denies the allegations contained in Paragraph 15 of the First Amended
- 8 Complaint.
- 9 16. LVSC denies the allegations contained in Paragraph 16 of the First Amended
- 10 Complaint.
- 11 17. LVSC denies the allegations contained in Paragraph 17 of the First Amended
- 12 Complaint.
- 13 18. LVSC denies the allegations contained in Paragraph 18 of the First Amended
- 14 Complaint.
- 15 19. LVSC denies the allegations contained in Paragraph 19 of the First Amended
- 16 Complaint.
- 17 20. LVSC denies the allegations contained in Paragraph 20 of the First Amended
- 18 Complaint.
- 19 21. LVSC denies the allegations contained in Paragraph 21 of the First Amended
- 20 Complaint.
- 21 22. LVSC denies the allegations contained in Paragraph 22 of the First Amended
- 22 Complaint.
- 23 23. LVSC denies the allegations contained in Paragraph 23 of the First Amended
- 24 Complaint.
- 25 24. LVSC denies the allegations contained in Paragraph 24 of the First Amended
- 26 Complaint.
- 27 25. LVSC denies the allegations contained in Paragraph 25 of the First Amended
- 28 Complaint.

1	26.	LVSC denies the allegations contained in Paragraph 26 of the First Amended
2	Complaint.	
3	27.	LVSC denies the allegations contained in Paragraph 27 of the First Amended
4	Complaint.	
5	28.	LVSC denies the allegations contained in Paragraph 28 of the First Amended
6	Complaint.	
7	29.	LVSC denies the allegations contained in Paragraph 29 of the First Amended
8	Complaint.	
9	30.	LVSC denies the allegations contained in Paragraph 30 of the First Amended
10	Complaint.	
11	31.	LVSC denies the allegations contained in Paragraph 31 of the First Amended
12	Complaint.	
13	32.	LVSC denies the allegations contained in Paragraph 32 of the First Amended
14	Complaint.	
15	33.	LVSC denies the allegations contained in Paragraph 33 of the First Amended
16	Complaint.	
17	34.	LVSC denies the allegations contained in Paragraph 34 of the First Amended
18	Complaint.	

20 (Breach of Contract – LVSC)

21 35. Concerning Paragraph 35 of the First Amended Complaint, LVSC repeats and re-
22 alleges its responses to the preceding paragraphs as if set forth fully herein.

23 36. LVSC denies the allegations contained in Paragraph 36 of the First Amended
24 Complaint.

25 37. LVSC denies the allegations contained in Paragraph 37 of the First Amended
26 Complaint.

27 38. LVSC denies the allegations contained in Paragraph 38 of the First Amended
28 Complaint.

1 39. LVSC denies the allegations contained in Paragraph 39 of the First Amended
2 Complaint.

3 40. LVSC denies the allegations contained in Paragraph 40 of the First Amended
4 Complaint.

5 41. LVSC denies the allegations contained in Paragraph 41 of the First Amended
6 Complaint.

7 42. LVSC denies the allegations contained in Paragraph 42 of the First Amended
8 Complaint.

9 SECOND CAUSE OF ACTION

10 (Breach of Contract – LVSC and Sands China Ltd.)

11 43. Concerning Paragraph 43 of the First Amended Complaint, LVSC repeats and re-
12 alleges its responses to the preceding paragraphs as if set forth fully herein.

13 44. LVSC denies the allegations contained in Paragraph 44 of the First Amended
14 Complaint.

15 45. LVSC denies the allegations contained in Paragraph 45 of the First Amended
16 Complaint.

17 46. LVSC denies the allegations contained in Paragraph 46 of the First Amended
18 Complaint.

19 47. LVSC denies the allegations contained in Paragraph 47 of the First Amended
20 Complaint.

21 48. LVSC denies the allegations contained in Paragraph 48 of the First Amended
22 Complaint.

23 THIRD CAUSE OF ACTION

24 (Breach of the Implied Covenant of Good Faith and Fair Dealing – LVSC)

25 49. Concerning Paragraph 49 of the First Amended Complaint, LVSC repeats and re-
26 alleges its responses to the preceding paragraphs as if set forth fully herein.

27 50. LVSC denies the allegations contained in Paragraph 50 of the First Amended
28 Complaint.

1 51. LVSC denies the allegations contained in Paragraph 51 of the First Amended
2 Complaint.

3 52. LVSC denies the allegations contained in Paragraph 52 of the First Amended
4 Complaint.

5 **FOURTH CAUSE OF ACTION**

6 **(Tortious Discharge in Violation of Public Policy – LVSC)**

7 53. Concerning Paragraph 53 of the First Amended Complaint, LVSC repeats and re-
8 alleges its responses to the preceding paragraphs as if set forth fully herein.

9 54. LVSC denies the allegations contained in Paragraph 54 of the First Amended
10 Complaint.

11 55. LVSC denies the allegations contained in Paragraph 55 of the First Amended
12 Complaint.

13 56. LVSC denies the allegations contained in Paragraph 56 of the First Amended
14 Complaint.

15 57. LVSC denies the allegations contained in Paragraph 57 of the First Amended
16 Complaint.

17 58. LVSC denies the allegations contained in Paragraph 58 of the First Amended
18 Complaint.

19 **FIFTH CAUSE OF ACTION**

20 **(Defamation Per Se – Adelson, LVSC, Sands China)**

21 Plaintiff's Fifth Cause of Action is the subject of a pending Motion to Dismiss.
22 Accordingly, LVSC does not answer the allegations in paragraphs 59 through 66 at this time.

23 **AFFIRMATIVE DEFENSES**

24 As a further and separate answer to Plaintiff's Complaint, and by way of affirmative
25 defenses, LVSC hereby alleges as follows:

26 **FIRST AFFIRMATIVE DEFENSE**

27 Plaintiff has failed to state a claim upon which relief may be granted.

28 ///

1 **SECOND AFFIRMATIVE DEFENSE**

2 Plaintiff's claims are barred by the doctrine of laches.

3 **THIRD AFFIRMATIVE DEFENSE**

4 Plaintiff's claims are barred by the doctrine of unclean hands.

5 **FOURTH AFFIRMATIVE DEFENSE**

6 Plaintiff's claims are barred by the doctrine of estoppel.

7 **FIFTH AFFIRMATIVE DEFENSE**

8 Plaintiff's claims are barred by the doctrine of waiver.

9 **SIXTH AFFIRMATIVE DEFENSE**

10 Plaintiff's claims are barred by the doctrine of election of remedies.

11 **SEVENTH AFFIRMATIVE DEFENSE**

12 Plaintiff's claims are barred by the doctrine of accord and satisfaction.

13 **EIGHTH AFFIRMATIVE DEFENSE**

14 Plaintiff's damages, if any, were caused by his own actions and not that of LVSC.

15 **NINTH AFFIRMATIVE DEFENSE**

16 At all times, LVSC acted in accordance with reasonable commercial standards, in good
17 faith, and with ordinary care, and LVSC's actions did not contribute to the alleged damages.

18 **TENTH AFFIRMATIVE DEFENSE**

19 Plaintiff has failed to do equity toward LVSC and, therefore, Plaintiff is not entitled to
20 any relief from Defendant LVSC.

21 **ELEVENTH AFFIRMATIVE DEFENSE**

22 Plaintiff failed to join an indispensable party to this matter.

23 **TWELFTH AFFIRMATIVE DEFENSE**

24 LVSC is not a party to the Term Sheet and, therefore, is not a proper party to Plaintiff's
25 breach of contract claim.

26 **THIRTEENTH AFFIRMATIVE DEFENSE**

27 LVSC was not Plaintiff's employer and therefore is not a proper party to Plaintiff's
28 tortious discharge claim.

1 **FOURTEENTH AFFIRMATIVE DEFENSE**

2 To the extent that Plaintiff was employed by LVSC, which LVSC denies, Plaintiff
3 breached his contractual and fiduciary obligations and thereby relieved LVSC of any further
4 obligations to Plaintiff.

5 **FIFTEENTH AFFIRMATIVE DEFENSE**

6 To the extent that Plaintiff was employed by LVSC, which LVSC denies, Plaintiff failed
7 to allege a sufficiently important Nevada public policy to support a claim for tortious discharge.

8 **SIXTEENTH AFFIRMATIVE DEFENSE**

9 To the extent that Plaintiff was employed by LVSC, which LVSC denies, LVSC alleges
10 that any actions taken concerning Plaintiff were done for legitimate, non-discriminatory and non-
11 retaliatory business reasons.

12 **SEVENTEENTH AFFIRMATIVE DEFENSE**

13 Any recovery by Plaintiff must be set off or reduced, abated, or apportioned to the extent
14 that any other party's actions caused or contributed to damages awarded to Plaintiff.

15 **EIGHTEENTH AFFIRMATIVE DEFENSE**

16 Plaintiff has suffered no damages.

17 **NINETEENTH AFFIRMATIVE DEFENSE**

18 Plaintiff has failed to mitigate his damages, if any, thereby reducing their recovery to
19 reflect the amount by which their alleged damages could have been mitigated by the exercise of
20 reasonable diligence.

21 **TWENTIETH AFFIRMATIVE DEFENSE**

22 The damages, if any, alleged to have been suffered by Plaintiff are subject to setoff.

23 **TWENTY-FIRST AFFIRMATIVE DEFENSE**

24 There is no basis for recovery of costs or attorney's fees by Plaintiff from LVSC.

25 Some of the foregoing affirmative defenses are pleaded for purposes of non-waiver under
26 NRCP 8. Defendant reserves the right to add additional affirmative defenses as the bases for the
27 same are revealed during discovery.

28 ///

1 COUNTERCLAIM

2 Las Vegas Sands Corp. ("LVSC"), by and through its undersigned counsel, the law firm
3 of Holland & Hart LLP, as and for its Counterclaim, hereby complains, alleges and states as
4 follows:

5 PARTIES

- 6 1. Counterclaimant LVSC is a Nevada corporation.
- 7 2. Counterdefendant Steven C. Jacobs ("Jacobs") is an individual who, upon
8 information and belief, resides in the State of Georgia and/or Florida. Jacobs maintained a hotel
9 room at the Venetian Macau Resort Hotel and worked in the Macau Special Administrative
10 Region ("Macau") of the People's Republic of China ("China") and maintained a residence for
11 himself and his family in the Hong Kong Special Administrative Region ("Hong Kong").

12 GENERAL ALLEGATIONS

- 13 3. LVSC's direct or indirect subsidiaries own and operate The Venetian Resort
14 Hotel Casino, The Palazzo Resort Hotel Casino and The Sands Expo and Convention Center in
15 Las Vegas, Nevada and the Marina Bay Sands in Singapore. LVSC has an indirect majority
16 ownership interest through its subsidiaries in the Sands Macao, The Venetian Macao Resort
17 Hotel ("The Venetian Macao"), the Four Seasons Hotel Macao, Cotai Strip™ ("Four Seasons
18 Hotel Macao," which is managed by Four Seasons Hotels Inc.), and the Plaza Casino (together
19 with the Four Seasons Hotel Macao, the "Four Seasons Macao") in Macau and the Sands Casino
20 Resort Bethlehem in Bethlehem, Pennsylvania. LVSC's indirect majority-owned subsidiaries
21 are also creating a master-planned development of integrated resort properties, anchored by The
22 Venetian Macao, which LVSC refers to as the Cotai Strip™ in Macau.

23 *Jacobs Is Hired to Perform Work for VML.*

- 24 4. In or about May 2009, Jacobs was asked to perform consulting work for Venetian
25 Macau Limited ("VML"), an indirect subsidiary of LVSC which is now a subsidiary of Sands
26 China Ltd. ("Sands China").

- 27 5. In connection with this work, Jacobs executed an Agreement for Services with
28 VML whereby he would address "senior management issues" relating to VML's "business of

1 developing, designing, constructing, equipping, staffing, owning and operating legalized
2 casino(s) in Macau SAR."

3 6. The Agreement for Services states that "[t]he parties agree to the exclusive
4 jurisdiction of the courts of Macau (SAR) for any legal proceedings related to this Agreement"
5 and, further, that the "Agreement shall be governed by and interpreted in accordance with the
6 laws of Macau (SAR)."

7 7. LVSC is not a party to the Agreement for Services.

8 8. In June 2009, Jacobs executed an Appointment Agreement with VML whereby
9 the parties' relationship would be "governed by and interpreted in accordance with Macau SAR
10 law, and the courts of Macau SAR shall have exclusive jurisdiction over any legal proceedings
11 related to this agreement."

12 9. Pursuant to the Appointment Agreement, Jacobs was awarded a base salary, paid
13 monthly, equivalent to \$1,300,000.00 USD per annum, as well as company benefits.

14 10. Jacobs was paid his monthly salary and bonuses by VML and received benefits
15 from VML until his termination for cause.

16 *Jacobs Is Named President and Chief Executive Officer of Sands China.*

17 11. On or about July 15, 2009, Sands China was incorporated as a limited liability
18 company in the Cayman Islands in preparation for listing on The Main Board of the Stock
19 Exchange of Hong Kong Limited ("SEHK") in November 2009.

20 12. In July and August 2009, Jacobs negotiated certain employment terms, which
21 were set out in a term sheet. The term sheet was used in preparing a draft of an employment
22 agreement between Jacobs and VML, but that document was never finalized or executed.

23 13. In November 2009, LVSC's indirect majority-owned subsidiary, Sands China, the
24 direct or indirect owner and operator of Sands Macao, The Venetian Macao, Four Seasons
25 Macao and ferry operations, and developer of the remaining Cotai Strip integrated resorts,
26 completed an initial public offering of its ordinary shares (the "Sands China Offering") on the
27 SEHK.

28 ///

1 14. Immediately following the Sands China Offering and several transactions
2 consummated in connection with such offering, LVSC indirectly owned 70.3% of the issued and
3 outstanding ordinary shares of Sands China.

4 15. Jacobs was appointed President -- Macau and Chief Executive Officer of Sands
5 China.

6 16. LVSC also identified Jacobs as an executive of LVSC in reports filed with the
7 Securities and Exchange Commission ("SEC"), as required by the SEC, because Jacobs was a
8 senior executive of a significant indirect subsidiary of LVSC, namely Sands China.

9 ***Jacobs Fails to Perform Duties Consistent With His Obligations as an Executive of LVSC and***
10 ***Sands China.***

11 17. While Jacobs initially appeared to be fulfilling his duties to Sands China, it later
12 became clear that Jacobs was violating his obligations not only to Sands China but also to LVSC
13 as the majority shareholder of Sands China.

14 **Jacobs Violates the Non-Competition Deed.**

15 18. In connection with the reorganization of LVSC's indirect subsidiaries operating in
16 Macau, LVSC and Sands China entered into a Deed of Non-Compete Undertakings ("Non-
17 Competition Deed").

18 19. Pursuant to the Non-Competition Deed, Sands China was prohibited from holding
19 an interest in or otherwise being involved or participating in any casino gaming business outside
20 of a "Restricted Zone" which included the People's Republic of China, Macau, Hong Kong and
21 Taiwan.

22 20. Notwithstanding the plain language of the Non-Competition Deed, which Jacobs
23 had signed on behalf of Sands China, Jacobs publicly announced that Sands China would be
24 pursuing casino gaming business operations in areas outside of the Restricted Zone, including,
25 but not limited to, Japan.

26 21. As LVSC has previously announced its intention to pursue a development in
27 Japan, the Chairman of LVSC had no option but to make a public statement to correct Jacobs'
28 statement and reassure investors that any such development would be carried out by LVSC.

Jacobs Endangers LVSC's and Sands China's Relationship with the Governments of Macau and China.

22. Jacobs also placed at risk LVSC's and Sands China's relationship with the governments of the People's Republic of China and Macau.

23. Jacobs commissioned a detailed investigative report by consultant International Risk regarding Macau public officials.

24. Jacobs did not seek authorization from the Board of Sands China or from Sheldon Adelson ("Adelson"), the Chairman and Chief Executive Officer of LVSC and Chairman of Sands China, prior to commissioning the report.

25. Upon completion of the report, Jacobs met secretly with the investigator from International Risk and was issued a watermarked copy of the report not with the name of LVSC or Sands China, but rather with Jacobs' name imprinted.

26. Jacobs thereafter reportedly kept the investigative report in his personal residence and did not advise LVSC or the Chairman or Board of Sands China of the report's existence.

Jacobs Delays Terminating the Contracts Between Cheung Chi Tai and VML.

27. Allegations about Cheung Chi Tai ("CCT") were the subject of press articles that were initially published in the first quarter of 2010.

28. In the publication of the initial article, the Nevada State Gaming Control Board was quoted as announcing that it would conduct an examination of the relationship of Nevada licensees with CCT.

29. In response, LVSC conducted due diligence and discovered that CCT was a party, as a guarantor, with two junket credit guarantor agreements between two junkets and VML ("CCT Agreements") and engaged an independent investigatory agency to conduct a background examination of CCT.

30. Once the background report on CCT ("CCT Report") was obtained and presented to Michael Leven ("Leven"), President and Chief Operating Officer of LVSC and an LVSC board member. Leven agreed with the recommendation that the CCT Agreements be terminated

1 and requested that his views be communicated to Jacobs, that the results of the background
2 report be discussed with Jacobs and that Jacobs be instructed to terminate the CCT Agreements.

3 31. Adelson concurred with the recommendations of Leven.

4 32. Although Jacobs has asserted that he objected to the relationship with CCT,
5 Jacobs knows that that allegation is false, designed to injure the Defendants, and that the
6 opposite is true.

7 33. Although the results of the CCT Report were shared with Jacobs on a
8 contemporaneous basis and Jacobs was provided with an oral summary of the results of the CCT
9 Report and with a copy of the CCT Report, Jacobs delayed in terminating the CCT Agreements
10 and acted as an impediment to the prompt termination of the CCT Agreements.

11 34. On June 22, 2010, when Jacobs was in Singapore in connection with the opening
12 celebrations of the Marina Bay Sands, Jacobs explained and defended his reasons for the delay in
13 terminating the CCT Agreements.

14 35. Jacobs claimed that the revenue associated with those junkets was substantial and
15 that he owed the shareholders of Sands China a fiduciary duty the performance of which would
16 be placed in question if the CCT Agreements were terminated.

17 36. In fact, Jacobs then and there knew from the CCT Report, including records
18 reviewed with him orally and that were part of the CCT Report, that no principled understanding
19 of fiduciary duty required the continuation of the CCT Agreements.

20 37. Despite that knowledge, Jacobs again failed to commit to terminating the CCT
21 Agreements.

22 38. After the conversation with Jacobs on June 22, 2010 in Singapore, Jacobs left for
23 a meeting with Adelson and Leven among others.

24 39. After the meeting with Adelson and Leven, Jacobs promised to terminate the CCT
25 Agreements within one week.

26 40. Thereafter, the CCT Agreements were terminated.

27 ///

28 ///

1 *Jacobs' Employment Is Terminated by Sands China and VML for Cause and Jacobs Initiates*
2 *His Extortion Scheme.*

3 41. On or about July 23, 2010, the Board of Directors of Sands China voted to
4 remove Jacobs as President and Chief Executive Officer of Sands China.

5 42. On July 23, 2010, Jacobs' employment with VML and Sands China was
6 terminated for cause because, among other things, he had repeatedly exceeded his authority,
7 defied and disregarded instructions, and engaged in several improper acts and omissions,
8 including but not limited to those identified above.

9 43. Jacobs reacted to the news of his termination by disparaging Adelson, the
10 Chairman and Chief Executive Officer of LVSC and Chairman of Sands China, claiming
11 Adelson had: (1) bribed, or attempted to bribe, the Chief Executive of Macau; and (2) instructed
12 subordinates to gather damaging information about public officials for Sands China to
13 improperly use to its advantage.

14 44. Jacobs made these false and defamatory statements about Adelson to Leven and
15 Irwin Siegel ("Siegel"), a board member of both LVSC and Sands China.

16 45. Jacobs knew his statements were false when he made them, Jacobs acted
17 recklessly with respect to the falsity of his statements, and Jacobs acted with malice, including a
18 specific intent to harm Adelson, LVSC and Sands China in furtherance of his scheme to extort
19 money to which he was not entitled.

20 46. After Leven and Siegel refused to concede to Jacobs' attempted extortion, Jacobs
21 threatened to publicly disclose the aforementioned false and defamatory accusations against
22 Adelson, and other alleged wrongdoing involving Sands China and Adelson, unless he was paid
23 money to which he was not entitled.

24 47. Jacobs knew his statements were false when he made them, and specifically
25 intended to use the defamatory statements as the basis to extort money by threatening public
26 disclosure unless he was paid a substantial sum.

27 ///

28 ///

Jacobs Files a Wrongful Suit Against LVSC in Furtherance of His Scheme.

48. Jacobs, through his conduct, has made clear that he will stop at nothing to publicly disparage Adelson, LVSC and Sands China until he obtains an exorbitant and unwarranted payment.

49. After failing in his attempt to extort money with threats of public disclosure at the time of his termination, Jacobs retrenched and devised a new strategy of filing this vindictive lawsuit. The goal of his lawsuit is the same as Jacobs' initial extortion scheme - an undeserved payment. The only difference is the method of coercion.

50. Despite the fact that Jacobs (1) worked in Macau for VML and Sands China, (2) received his salary and benefits from VML, a Macau company, and (3) executed employment agreements with forum selection clauses mandating that actions be brought in Macau, Jacobs named LVSC as a defendant to improperly gain jurisdictional grounds in Nevada and to bring additional pressure upon LVSC to concede to his preposterous, extortionist demands.

51. Failing an advantageous settlement, Jacobs intends for his Nevada case to be the vehicle to continue his defamatory and malicious crusade against LVSC and Adelson.

52. In this regard, Jacobs willfully and improperly filed suit against LVSC for ulterior purposes, other than resolving a legal dispute.

FIRST CLAIM FOR RELIEF

(Abuse of Process)

53. LVSC repeats and realleges each and every allegation contained in the preceding paragraphs as though set forth fully herein.

54. Jacobs caused process to issue, served process, and filed motions with the court against LVSC, despite having no employment relationship with LVSC, to improperly gain jurisdictional grounds in Nevada.

55. Jacobs willfully engaged in this wrongful conduct for the ulterior and improper purposes of obtaining improper jurisdiction to litigate his frivolous case in the United States rather than Macau, the specified venue under the Agreement for Services and Appointment Agreement for resolution of such disputes.

1 56. Jacobs further filed this action for the improper purpose of attempting to leverage
2 an unwarranted pay off.

3 57. Knowing that a suit in Nevada would provide him with more publicity and a
4 larger forum than a suit in Macau, Jacobs willfully engaged in this wrongful conduct for the
5 ulterior and improper purpose of obtaining a better defamation vehicle to disparage Adelson and
6 damage LVSC.

7 58. Jacobs' actions are malicious, fraudulent, and oppressive conduct in disregard of
8 the rights of LVSC.

9 59. Jacobs has caused and will cause damages in excess of \$10,000.00.

10 60. LVSC has been required to retain the services of an attorney and is entitled to
11 reasonable costs and attorneys' fees incurred herein.

12 **SECOND CLAIM FOR RELIEF**

13 **(Business Defamation/Disparagement)**

14 61. LVSC repeats and realleges each and every allegation contained in the preceding
15 paragraphs as though set forth fully herein.

16 62. As set forth above, Jacobs made numerous false, defamatory, and disparaging
17 statements about Adelson, including, but not limited to, that Adelson (1) bribed, or attempted to
18 bribe, the Chief Executive of Macau; and (2) instructed subordinates to gather damaging
19 information about public officials for Sands China to improperly use to its advantage.

20 63. Jacobs' statements about Adelson were unprivileged false and defamatory, and
21 Jacobs knew them to be false.

22 64. Jacobs knew that Adelson was the Chairman and Chief Executive Officer of
23 LVSC and that his false and defamatory statements would be imputed to LVSC.

24 65. Jacobs knowingly and intentionally made the false, defamatory, and disparaging
25 statements about Adelson in furtherance of his scheme to extort a settlement from LVSC,
26 regardless of the fact that Jacobs did not work for LVSC.

27 66. Jacobs directed the false, injurious statements about Adelson and LVSC's
28 reputation, business, goodwill and services intending to harm LVSC, and tending to injure LVSC

1 in its business, reputation, and profession and tending to impute that LVSC has a lack of fitness
2 for its trade, business, or profession.

3 67. Jacobs has caused and will cause damages to LVSC in excess of \$10,000.00,
4 including damage to its business, services, reputation, and goodwill.

5 68. LVSC has been required to retain the services of an attorney and is entitled to
6 reasonable costs and attorneys' fees incurred herein.

7 **THIRD CLAIM FOR RELIEF**

8 **(Intentional Interference With Prospective Economic Advantage)**

9 69. LVSC repeats and realleges each and every allegation contained in the preceding
10 paragraphs as though set forth fully herein.

11 70. Jacobs was aware that Sands China was expressly prohibited from pursuing any
12 casino gaming business in areas outside of the Restricted Zone as he was a signatory to the Non-
13 Competition Deed.

14 71. Notwithstanding the plain language of the Non-Competition Deed, which Jacobs
15 himself had signed, Jacobs publicly announced that Sands China would be pursuing casino
16 gaming business operations in areas outside of the Restricted Zone, including, but not limited to,
17 Japan, thereby intentionally injuring LVSC's prospective business relationship with necessary
18 third-parties in development of the Japanese market.

19 72. Jacobs engaged in intentional acts intended and designed to disrupt the
20 prospective business relationship by wrongfully accusing LVSC and its officers of engaging in
21 criminal and improper activity.

22 73. Jacobs has caused and will cause damages in excess of \$10,000.00, including
23 damage to its business, services, reputation, and goodwill.

24 74. LVSC has been required to retain the services of an attorney and is entitled to
25 reasonable costs and attorneys' fees incurred herein.

26 ///

27 ///

28 ///

FOURTH CLAIM FOR RELIEF

(Civil Extortion)

75. LVSC repeats and realleges each and every allegation contained in the preceding paragraphs as though set forth fully herein.

76. In an effort to coerce LVSC to pay him money that he did not deserve and to which he was not entitled, Jacobs threatened to publicly disclose his false and defamatory accusations about Adelson. Jacobs demanded that LVSC pay him money, which he was not entitled to, in order to prevent the public disclosure.

77. Upon information and belief, Jacobs knew his accusations against Adelson were false, and Jacobs intended to wrongfully coerce LVSC to pay Jacobs millions of dollars, even though Jacobs knew that he was not legally or contractually entitled to the money, in order to prevent Jacobs' threatened public disclosure.

78. Jacobs has caused and will cause damages in excess of \$10,000.00, including damage to its business, services, reputation, and goodwill.

79. LVSC has been required to retain the services of an attorney and is entitled to reasonable costs and attorneys' fees incurred herein.

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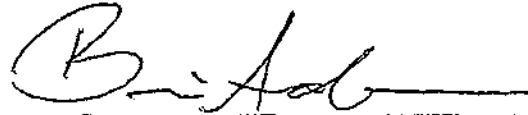
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PRAYER FOR RELIEF

WHEREFORE, LVSC prays for judgment against Jacobs as follows:

1. For compensatory damages according to proof at trial, plus interest thereon at the maximum legal rate;
2. For punitive damages;
3. For attorneys' fees and costs; and,
4. For such other and further relief as the Court deems just and proper.

DATED April 20, 2011.



J. Stephen Peek, Esq.
Justin C. Jones, Esq.
Holland & Hart LLP
3800 Howard Hughes Parkway, 10th Floor
Las Vegas, Nevada 89169

Attorneys for Defendant Las Vegas Sands Corp.

Holland & Hart LLP
3800 Howard Hughes Parkway, Tenth Floor
Las Vegas, Nevada 89169
Phone: (702) 669-4600 • Fax: (702) 669-4650

CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b), I certify that on April 20, 2011, I served a true and correct copy of the foregoing **LAS VEGAS SANDS CORP.'S ANSWER TO FIRST AMENDED COMPLAINT AND COUNTERCLAIM** via e-mail and by depositing same in the United States mail, first class postage fully prepaid to the persons and addresses listed below:

Donald J. Campbell, Esq.
J. Colby Williams, Esq.
Campbell & Williams
700 S. 7th Street
Las Vegas, Nevada 89101
382-5222
382-0540 – fax
djc@campbellandwilliams.com
jcw@campbellandwilliams.com

Attorneys for Plaintiff

Steve Morris, Esq.
Morris Peterson
300 S. 4th Street, Suite 900
Las Vegas, Nevada 89101
474-9400
474-9422 – fax
sm@morrislawgroup.com

Attorney for Defendants Sheldon G. Adelson

Mark G. Krum, Esq.
Andrew D. Sedlock, Esq.
Glaser, Weil, et., al.
3763 Howard Hughes Parkway, Suite 300
Las Vegas, Nevada 89169
650-7900
650-7950 – fax
mkrum@glaserweil.com
asedlock@glaserweil.com

Attorneys for Defendant Sands China Ltd.


An Employee of Holland & Hart LLP

Holland & Hart LLP
3800 Howard Hughes Parkway, Tenth Floor
Las Vegas, Nevada 89169
Phone: (702) 669-4600 • Fax: (702) 669-4650

1 **MTD**

2 J. Stephen Peek, Esq.

3 Nevada Bar No. 1759

4 Justin C. Jones, Esq.

5 Nevada Bar No. 8519

6 Brian G. Anderson, Esq.

7 Nevada Bar No. 10500

8 **HOLLAND & HART LLP**

9 3800 Howard Hughes Parkway, 10th Floor

10 Las Vegas, Nevada 89169

11 (702) 669-4600

12 (702) 669-4650 – fax

13 speek@hollandhart.com

14 jcjones@hollandhart.com

15 bganderson@hollandhart.com

16 *Attorneys for Defendant Las Vegas Sands Corp.*

17 **DISTRICT COURT**

18 **CLARK COUNTY, NEVADA**

19 **STEVEN C. JACOBS,**

20 Plaintiff,

21 v.

22 **LAS VEGAS SANDS CORP.,** a Nevada
23 corporation; **SANDS CHINA LTD.,** a Cayman
24 Islands corporation; **SHELDON G. ADELSON,**
25 in his individual and representative capacity;
26 **DOES I-X;** and **ROE CORPORATIONS I-X,**

27 Defendants.

CASE NO.: A627691-B

DEPT NO.: XI

Date:

Time:

**LAS VEGAS SANDS CORP.'S MOTION
TO DISMISS PURSUANT TO NRCP
12(B)(5)**

28 Defendant Las Vegas Sands Corp. ("LVSC"), by and through its undersigned counsel
the law firm of Holland & Hart LLP, hereby moves this Court to dismiss Plaintiff Steven
Jacobs' ("Jacobs") Fifth Cause of Action for Defamation Per Se pursuant to NRCP 12(b)(5).

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✓ 205-LV-42684-85

Holland & Hart LLP
3800 Howard Hughes Parkway, Tenth Floor
Las Vegas, Nevada 89169
Phone: (702) 669-4600 • Fax: (702) 669-4650

1 This Motion is based on the following Memorandum of Points and Authorities and any oral
2 argument the Court may allow.

3 DATED April 20, 2011.

4
5 

6 J. Stephen Peek, Esq.
7 Justin C. Jones, Esq.
8 Brian G. Anderson, Esq.
9 Holland & Hart LLP
3800 Howard Hughes Parkway, 10th Floor
Las Vegas, Nevada 89169

10 *Attorneys for Defendant Las Vegas Sands Corp.*

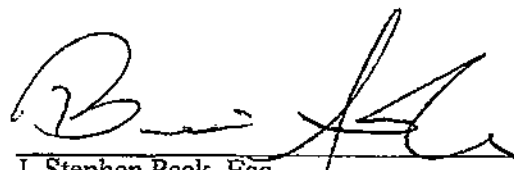
11 **NOTICE OF MOTION**

12 TO: ALL INTERESTED PARTIES; and

13 TO: COUNSEL OF RECORD

14 PLEASE TAKE NOTICE that Defendant LAS VEGAS SANDS CORP. will bring the
15 above and foregoing LAS VEGAS SANDS CORP.'S MOTION TO DISMISS PURSUANT
16 TO NRCP 12(B)(5) for hearing on the ____ day of ____, 2011, at ____ a.m./p.m., in
17 Department XI of the above entitled Court.

18 DATED April 20, 2011.

19 

20 J. Stephen Peek, Esq.
21 Justin C. Jones, Esq.
22 Brian G. Anderson, Esq.
23 Holland & Hart LLP
3800 Howard Hughes Parkway, 10th Floor
Las Vegas, Nevada 89169

24 *Attorneys for Defendant Las Vegas Sands Corp.*

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF
MOTION TO DISMISS PURSUANT TO NRCP 12(B)(5)

I.

INTRODUCTION

This case concerns a dispute as to whether Plaintiff Steven C. Jacobs ("Jacobs") was terminated from his employment for cause. Jacobs claims he was wrongfully terminated by LVSC. LVSC steadfastly maintain that Jacobs was not an employee of LVSC and that, regardless, Jacobs was fired for cause by LVSC's indirect subsidiaries, Sands China Ltd. ("Sands China") and Venetian Macau Limited ("VML"). In retaliation for his termination, Jacobs immediately engaged in a crusade to extort millions of dollars from Defendants. Following a recent court hearing attended by Jacobs, Jacobs addressed members of the press. Sheldon Adelson ("Adelson"), Chairman and CEO of LVSC, thereafter responded to a reporter's questions about the case with a short email response reiterating Defendants' position that Jacobs was terminated for cause. Jacobs then reacted by filing a First Amended Complaint ("FAC") alleging a defamation *per se* claim against Adelson, LVSC and Sands China. Specifically, Jacobs alleges that Adelson's statement "to the effect that 1) Jacobs was justifiably fired 'for cause' and 2) Jacobs had resorted to 'outright lies and fabrications' in seeking legal redress..." were defamatory. FAC ¶ 62.

To prevail on a claim for defamation, the alleged defamatory statement must be an *unprivileged* publication to a third person. However, the statements allegedly made by Adelson are subject to (i) the unconditional litigation privilege and (ii) the conditional privilege of reply, and therefore are not actionable. The statements allegedly made by Adelson simply reiterate and reply to statements made in the course of this lawsuit. In particular, Jacobs' original complaint (the "Complaint"), which predated the statements allegedly made by Adelson, repeatedly alleged that Sands China has wrongfully taken the position that Jacobs was terminated for cause, and further alleged that Jacobs actually was terminated for objecting to or failing to carry out "outrageous" and "illegal" demands allegedly made by Adelson, which alleged demands were detailed in Jacobs' Complaint (and have been repeated widely in the press). Thus, Adelson's

1 statement to the effect that Jacobs was terminated for cause simply republishes what has been
2 alleged in this action, including by Jacobs himself, and replies to Jacobs' allegations that he was
3 not terminated for cause but instead for objecting to or refusing to carry out demands allegedly
4 made by Adelson.

5 Likewise, Adelson's statement that Jacobs, in this litigation, had resorted to "outright lies
6 and fabrications" simply responds to Jacobs' allegations that Adelson has made "outrageous"
7 and "illegal" demands of Jacobs and to Jacobs' February 9, 2011 affidavit. In both respects,
8 counsel for Sands China at a March 15, 2011 hearing in this case, which was attended and
9 videotaped by members of the press, asserted in unequivocal terms that Jacobs had lied to the
10 Court. Thus, Adelson's statement that Jacobs in this litigation had resorted to "outright lies and
11 fabrications" merely republished what was stated by counsel in Court earlier that day and replied
12 to allegations made by Jacobs is his Complaint and motion papers.

13 For the foregoing reasons, Adelson's statements are subject to the unconditional litigation
14 privilege and, independently, the conditional privilege of reply. The Fifth Cause of Action for
15 defamation against LVSC therefore is deficient as a matter of law. Accordingly, Jacobs' Fifth
16 Cause of Action should be dismissed with prejudice.

17 II.

18 STATEMENT OF FACTS

19 On March 16, 2011, Jacobs filed the FAC. The FAC added Adelson as a defendant and
20 added a claim for defamation against Adelson, LVSC, and Sands China. See FAC at ¶¶ 59-66.
21 In support of that claim, Jacobs alleges that Adelson (in both his personal capacity as well as his
22 representative capacity as Chairman of the Board of LVSC (and Sands China), made a statement
23 to a newspaper reporter following the March 15, 2011 hearing. *Id.* at ¶ 62. In this regard, the
24 FAC alleges as follows:

25 Following the [March 15, 2011] hearing, the Wall Street Journal@
26 published an article in its online edition styled "Setback for Sands in
27 Macau Suit." That article, which was authored by Ms. Berzon,
28 reported that Adelson had, via e-mail, made the following statements:
"While I have largely stayed silent on the matter to this point, the
recycling of his allegations must be addressed," he said. "We have a

substantial list of reasons why Steve Jacobs was fired for cause and interestingly he has not refuted a single one of them. Instead he has attempted to explain his termination by using outright lies and fabrications which seem to have their origins in delusion.

Adelson's comments to the effect that 1) Jacobs was justifiably fired for "for cause" and 2) Jacobs had resorted to "outright lies and fabrications" in seeking legal redress constituted defamation per se.

FAC, ¶ 62.

Adelson's reported remarks address matters squarely and unequivocally raised in the pleadings in this case. For example, Jacobs' (original) Complaint repeatedly alleges that LVSC and Sands China have "wrongly characterized Jacobs' termination as one for cause in an effort to deprive him of contractual benefits to which [he claims] he is otherwise entitled" (Complaint, ¶ 42), including as follows:

"Nearly two weeks later and after an unsuccessful effort to dig up any real "dirt" on Jacobs, LVSC sent a second letter to Jacobs on VML letterhead which identified 12 pretextual items that allegedly support a "for cause" termination of his employment... The reality is that none of the 12 items, even assuming arguendo that some of them are accurate, constitute cause..."

Complaint, ¶ 32.

"LVSC has wrongfully characterized Jacobs' termination as one for "cause" in an effort to deprive him of contractual benefits to which he is otherwise entitled. As a direct and proximate result of LVSC's wrongful termination of Jacobs' employment and failure to honor the "Not For Cause" severance provisions contained in the Term Sheet, Jacobs has suffered damages in an amount to be proven at trial but in excess of \$10,000.00."

Complaint, ¶ 41.

"LVSC and Sands China rejected Jacobs' demand and, thus, further breached the Term Sheet and the Sands China share grant agreement by characterizing Jacobs' termination as being for "cause" when, in reality, the purported bases for Jacobs' termination, as identified in the belatedly-manufactured August 5, 2010 letter, are pretextual and in no way constitute cause."

Complaint, ¶ 46.

"...LVSC and Sands China have wrongfully characterized Jacobs' termination as one for cause in an effort to deprive him of contractual benefits to which he is otherwise entitled."

1 Complaint, ¶ 47.

2 "The conduct of LVSC described herein including ...the wrongful
3 characterization of Jacobs' termination as being for cause, is
4 unfaithful to the purpose of the agreements between Jacobs and
5 LVSC and was not within the reasonable expectations of Jacobs."

6 Complaint, ¶ 50.

7 Jacobs' allegations are correct only insofar as they claim that it is the position of LVSC
8 that Jacobs was terminated for cause. Indeed, as set forth in his Complaint, Jacobs has always
9 understood that Defendants assert that he was terminated for cause. While Jacobs is apparently
10 unable to accept that his performance fell below the expected standard, his version of "truth" is
11 clearly inconsistent with Defendants' stated position from the time of his termination.
12 Additionally, Jacobs' veracity was challenged at the March 15, 2011 hearing wherein Sands
13 China's counsel challenged the sworn testimony in Jacobs' February 9, 2011 affidavit, and
14 directly denied the truth and accuracy of allegations made in this case by Jacobs:

15 "MS. GLASER: I am. And it's sort of funny, but it's sort of not,
16 because this man, Mr. Jacobs, lied to the Court and said money
17 was couriered into this country. He lied to the Court, and he's not
18 telling the truth in a lot of other respects as well..."

19 See March 15, 2011 Hearing Transcript at 57:11-16, attached hereto as Exhibit "A."

20 III.

21 LEGAL ARGUMENT

22 A. *Standard of Review*

23 NCRP 12(b)(5) specifically provides that the defense of the "failure to state a claim upon
24 which relief can be granted" may be made by motion. *Gull v. Hoalst*, 77 Nev. 54, 359 P.2d 383
25 (1961). Nevada is a notice-pleading state; therefore, the courts generously construe pleadings to
26 "place into issue matters which are fairly noticed to the adverse party." *Western States Const.,*
27 *Inc. v. Michoff*, 108 Nev. 931, 936, 840 P.2d 1220, 1223 (1992) (citing *Hay v. Hay*, 100 Nev.
28 196, 198, 678 P.2d 672, 674 (1984)). "The standard of review for a dismissal under NRC
12(b)(5) is rigorous as this court must construe the pleading liberally;" however, the court must
accept only "fair" inferences arising from the pleading. *Simpson v. Mars Inc.*, 113 Nev. 188,

1 190, 929 P.2d 966, 967 (1997) (citing *Vacation Village v. Hitachi America*, 110 Nev. 481, 484,
2 874 P.2d 744, 746 (1994)). In addition, the court need *not* accept as true conclusory allegations
3 or legal characterizations of counsel. See *Western Mining Council v. Watt*, 643 F.2d 618, 624
4 (9th Cir. 1981) (interpreting substantively identical Fed. R. Civ. P. 12(b)(6)). Dismissal is
5 appropriate where the allegations in the complaint, “taken at face value, ... [and] construed
6 favorably in the [plaintiff’s] behalf,” fail to state a cognizable claim for relief.” *Morris v. Bank*
7 *of America Nevada*, 110 Nev. 1274, 1276, 886 P.2d 454, 456 (1994) (quoting *Edgar v. Wagner*,
8 101 Nev. 226, 227-28, 699 P.2d 110, 111-12 (1985)). As detailed below, dismissal of Jacobs’
9 defamation per se claim is warranted because the statements upon which the claim is made are
10 privileged.

11 **B. Jacobs’ Claim for Defamation Fails as a Matter of Law**

12 In order to properly plead a claim for defamation, a plaintiff must allege facts sufficient
13 to establish the following four elements: (1) a false and defamatory statement; (2) an
14 unprivileged publication to a third person; (3) fault, amounting to at least negligence, and (4)
15 actual or presumed damages. See *Lubin v. Kunin*, 117 Nev. 107, 111 (2001). As demonstrated
16 below, Adelson’s statements are subject to both (i) the absolute litigation privilege and (ii) the
17 conditional privilege of reply, each of which renders Jacobs’ claim deficient as a matter of law.

18 1. Adelson’s Statements Are Unconditionally Privileged as Communications Made
19 in the Course of Judicial Proceedings.

20 In reference to the “unprivileged publication” element of a defamation claim, it is a “long
21 standing common law rule that communications [made] in the course of judicial proceedings
22 [even if known to be false] are absolutely privileged.” See *Circus Circus Hotels v.*
23 *Witherspoon*, 99 Nev. 56, 60 (1983). Questions of privilege are questions of law appropriately
24 decided by the court on a motion to dismiss. *Id.* at 62 (“Absolute privilege and relevance are
25 questions of law for the court to decide.”) “The scope of the absolute privilege is quite broad.”
26 *Fink v. Oshins*, 118 Nev. 428, 433 (2002). “[C]ourts should apply the absolute privilege
27 liberally, resolving any doubt “in favor of its relevancy or pertinency.” *Id.* at 433-34.
28 Furthermore, “the test of relevancy is very broad. The defamatory material need not be relevant

1 in the traditional evidentiary sense, but need have only "some relation" to the proceeding; so
2 long as the material has some bearing on the subject matter of the proceeding, it is absolutely
3 privileged." *Circus Circus Hotels*, 99 Nev. at 61.

4 The Nevada Supreme Court recently affirmed that the litigation privilege extends to the
5 parties as well as their attorneys, stating, "where a judicial proceeding has commenced or is, in
6 good faith, under serious consideration, we determine no need to limit the absolute privilege to
7 communications made by attorneys." *Clark County School Dist. v. Virtual Educ. Software,*
8 *Inc.*, 213 P.3d 496 (Nev. 2009) (citing *Hall v. Smith*, 214 Ariz. 309, 152 P.3d 1192, 1195-96
9 (App. 2007) ("The privilege applies to both attorneys and parties to litigation.")). Therefore, the
10 "*absolute privilege affords parties the same protection from liability as those protections*
11 *afforded to an attorney for defamatory statements made during, or in anticipation of, judicial*
12 *proceedings.*" *Id.* at 502 (emphasis added).

13 Such privileged statements are not limited to those made within the courtroom, and
14 Nevada courts have applied the absolute bar to liability in reference to statements made verbally
15 and in writing to third parties. *See id.* at 503 (finding letter sent by petitioner's representative to
16 respondent was absolutely privileged); *Fink*, 118 Nev. at 434 (holding that oral statements
17 accusing petitioner of hiding money and defrauding respondent's trust account were absolutely
18 privileged). This privilege also has been extended to the news media and individuals to report or
19 republish judicial proceedings. *See Sahara Gaming Corp. v. Culinary Workers Union Local*
20 *226, et al.*, 115 Nev. 212, 218 (1999). The privilege is not limited to those specifically engaged
21 in reporting news to the public, but extends to any person who makes a republication of a judicial
22 proceeding or material that is available to the general public. *Id.*

23 Here, even taking Jacobs' allegations as true, Jacobs' statements are subject to the
24 absolute litigation privilege. According to Jacobs, Adelson made the allegedly defamatory
25 statements in his individual capacity *and* as a representative of Sands China and LVSC. FAC,
26 ¶ 63. Without admitting that Adelson's statements may be imputed to Sands China or LVSC,
27 both Sands China and LVSC are defendants in this action, and were so at the time the statements
28 were allegedly made by Adelson. The substance of the statements, as stated by Jacobs in his

1 FAC, are that (i) Jacobs had been terminated from his position as President and CEO of Sands
2 China "for cause," and (ii) Jacobs in this litigation had made statements that were false. FAC,
3 ¶ 62.

4 As a preliminary note, the relevancy test is easily met because Jacobs does not allege that
5 Adelson made any statements regarding matters outside the scope of the litigation. *Circus*
6 *Circus Hotels*, 99 Nev. at 61. Indeed, the allegations in the Fifth Cause of Action are replete
7 with references to this proceeding. FAC ¶¶ 60 ("On Tuesday March 15, 2011, oral arguments by
8 the respective counsel of Jacobs, LVSC, and Sands China were presented to the Honorable
9 Elizabeth Gonzalez, Eighth Judicial District Court Judge."); 61 ("Following the 90-minute
10 hearing, the Court denied each of the Defendants' motions to dismiss the action. The hearing
11 received widespread attention..."); 62 ("Following the hearing, the Wall Street Journal®
12 published an article in its online edition styled 'Setback for Sands in Macau Suit.'). In addition,
13 the context of Adelson's statement, namely, to a newspaper reporter following the March 15,
14 2011 hearing, is within the scope of the broad privilege as it is not limited to statements made
15 only in pleadings or within the courtroom. *See Clark County School Dist.*, 213 P.3d at 503
16 (letter sent by petitioner's representative was privileged); *Fink*, 118 Nev. at 434 (allegedly
17 defamatory oral statement made in respondent's office was privileged).

18 Turning to the substance of the allegations, it is clear that the alleged statements by
19 Adelson were absolutely privileged. As demonstrated above, Jacobs' Complaint repeatedly
20 alleged that Sands China and LVSC "wrongfully characterized Jacobs' termination as one for
21 'cause'" (Complaint, ¶ 46), and further alleged that Jacobs was terminated for objecting to and/or
22 refusing to carry out "outrageous" if not "illegal" demands allegedly made upon him by Adelson
23 (Complaint, ¶¶ 26 and 27). As also demonstrated above, counsel for Sands China at the March
24 15, 2011 hearing--which was attended and recorded by press and media representatives--likewise
25 observed that Jacobs had been terminated for cause and that Jacobs had lied to the Court. *See*
26 Exhibit A. Adelson's statements followed (i) the Complaint, (ii) Jacobs' February 9, 2011
27 affidavits in support of his Oppositions to LVSC's and Sands China's respective Motions to
28 Dismiss and (iii) the March 15, 2011 hearing at which Jacobs' lawyer repeated and emphasized

1 the false statements from Jacobs' affidavit regarding Sands China allegedly couriering
2 significant funds into this country. Thus, Adelson's statements merely republished what
3 previously had been stated in this action by Jacobs, by Sands China's counsel, or both.
4 Therefore, Jacobs' claim for defamation fails as a matter of law and should be dismissed because
5 the alleged statements on which it is based are subject to the absolute litigation privilege.

6 2. Adelson's Statements Are Further Covered by the Conditional Privilege of Reply.

7 In addition to Adelson's statements falling within the absolute privilege afforded to
8 parties in an ongoing litigation, the statements are further protected by the conditional "privilege
9 of reply," which has been recognized and adopted by Nevada courts. *See Nevada Office of*
10 *Attorney General, v. Eighth Judicial Dist. Court*, 118 Nev. 140, 149, 42 P.3d 233, 239 (2002).
11 The common law privilege of reply grants those which are attacked with defamatory statements a
12 limited right to reply. *Id.* The court in *Office of Attorney General* explained how the privilege
13 would work - "[i]f I am attacked in a newspaper, I may write to that paper to rebut the charges,
14 and I may at the same time retort upon my assailant, when such retort is a necessary part of my
15 defense, or fairly arises out of the charges he has made against me." *Id.* The privilege is
16 conditional and may be lost, however, if the reply includes substantial defamatory matter that is
17 irrelevant or non-responsive to the initial statement, includes substantial defamatory material that
18 is disproportionate to the initial statement, is excessively publicized, or is made with malice in
19 the sense of actual spite or ill will. *Id.* at 150.

20 In this case, Jacobs in his Complaint repeatedly alleged that LVSC and Sands China had
21 wrongfully taken the position that he had been terminated for cause (Complaint, ¶¶ 41, 46, 47
22 and 50), and further alleged that (according to Jacobs) he was terminated because he "objected to
23 and/or refused to carry out" allegedly "outrageous" and "illegal" demands allegedly made upon
24 him by Adelson. In fact, Jacobs asserts that all of the stated reasons for his termination for cause
25 were "pretextual." Complaint, ¶ 33. Jacobs' allegations, including about what allegedly resulted
26 in his termination, have been reported in the press and media, which were present for the March
27 15, 2011 hearing in this matter. Adelson's assertion that Jacobs was fired for cause is privileged
28 because it was made in reply to Jacobs' denial of the same.

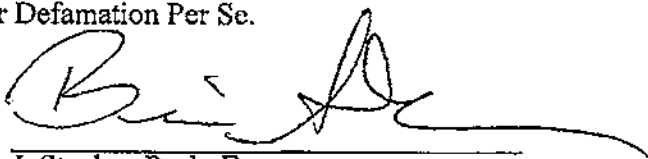
1 Likewise, Adelson's statement that in this case Jacobs had resorted to "outright lies and
2 fabrications" is nothing more than a refutation of Jacobs' allegations. Adelson was certainly
3 entitled to reply and dispute the assertion made by Jacobs in the litigation, and did so in response
4 to a reporter's question after Jacobs had spoken to the press. *See Office of Attorney General*,
5 118 Nev. at 149, 42 P.3d at 239. Therefore, Adelson's statements are protected by the
6 conditional privilege of reply, and Jacobs' defamation claim fails as a matter of law.

7 IV.

8 CONCLUSION

9 Based on the foregoing, LVSC respectfully requests that the Court grant its Motion to
10 Dismiss Plaintiff's Fifth Cause of Action for Defamation Per Se.

11 DATED April 20, 2011.



12
13 J. Stephen Peek, Esq.
14 Justin C. Jones, Esq.
15 Brian G. Anderson, Esq.
16 Holland & Hart LLP
17 3800 Howard Hughes Parkway, 10th Floor
18 Las Vegas, Nevada 89169

19
20 *Attorneys for Defendant Las Vegas Sands Corp.*
21
22
23
24
25
26
27
28

CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b), I certify that on April 20, 2011, I served a true and correct copy of the foregoing **LAS VEGAS SANDS CORP.'S MOTION TO DISMISS PURSUANT TO NRCP 12(B)(5)** via e-mail and by depositing same in the United States mail, first class postage fully prepaid to the persons and addresses listed below:

Donald J. Campbell, Esq.
J. Colby Williams, Esq.
Campbell & Williams
700 S. 7th Street
Las Vegas, Nevada 89101
382-5222
382-0540 – fax
djc@campbellandwilliams.com
jcw@campbellandwilliams.com

Attorneys for Plaintiff

Steve Morris, Esq.
Morris Peterson
300 S. 4th Street, Suite 900
Las Vegas, Nevada 89101
474-9400
474-9422 – fax
sm@morrislawgroup.com

Attorney for Defendants Sheldon G. Adelson

Mark G. Krum, Esq.
Andrew D. Sedlock, Esq.
Glaser, Weil, et., al.
3763 Howard Hughes Parkway, Suite 300
Las Vegas, Nevada 89169
650-7900
650-7950 – fax
mkrum@glaserweil.com
asedlock@glaserweil.com

Attorneys for Defendant Sands China Ltd.


An Employee of Holland & Hart LLP

[Redacted]

b6
b7C

From:

[Redacted]

Sent:

Wednesday, April 20, 2011 5:54 PM

To:

[Redacted]

Subject:

LV Sands [Redacted] LV Sands' Motion to Dismiss Pursuant to NRCP 12(B)(5)

Attachments:

Las Vegas Ikon - 04-20-11 - 2WVDA9C.pdf, image001.gif

Please see attached LV Sands' Motion to Dismiss Pursuant to NRCP 12(B)(5). A copy to follow by mail.


[Redacted]

Legal Assistant to [Redacted]

b6
b7C

Holland & Hart LLP
3800 Howard Hughes Parkway, 10th Floor
Las Vegas, Nevada 89169

[Redacted] - Main
[Redacted] - Direct
(702) 669-4650 - Fax

HOLLAND & HART 

CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

EXHIBIT A

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[Signature]

DISTRICT COURT
CLARK COUNTY, NEVADA

CLERK OF THE COURT

STEVEN JACOBS

Plaintiff

vs.

LAS VEGAS SANDS CORP., et al.

Defendants

CASE NO. A-627691

DEPT. NO. XI

Transcript of
Proceedings

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

HEARING ON DEFENDANTS' MOTIONS TO DISMISS

TUESDAY, MARCH 15, 2011

APPEARANCES:

FOR THE PLAINTIFF:

DONALD JUDE CAMPBELL, ESQ.
COLBY WILLIAMS, ESQ.

FOR THE DEFENDANTS:

J. STEPHEN PEEK, ESQ.
JUSTIN C. JONES, ESQ.
PATRICIA GLASER, ESQ.

COURT RECORDER:

JILL HAWKINS
District Court

TRANSCRIPTION BY:

FLORENCE HOYT
Las Vegas, Nevada 89146

Proceedings recorded by audio-visual recording, transcript
produced by transcription service.

48

CLERK OF THE COURT

MAR 18 2011

RECEIVED

1 LAS VEGAS, NEVADA, TUESDAY, MARCH 15, 2011, 9:01 A.M.

2 (Court was called to order)

3 THE COURT: Could I have the Jacobs versus Las Vegas
4 Sands Corp. case come up for a minute. No, up to your tables.
5 I have to do something, because I thought you were going to be
6 here a couple weeks ago. I know it'll be a minute, because
7 Mr. Campbell's in the back corner.

8 MS. GLASER: Good Morning, Your Honor.

9 THE COURT: Good morning. How are you?

10 MR. CAMPBELL: Good morning, Your Honor.

11 MR. PEEK: Good morning, Your Honor.

12 THE COURT: In my past life, when I was lawyer at a
13 point in time when Don Prunty and Shelly Berkeley were still
14 with the Las Vegas Sands, I represented them primarily in
15 personal injury matters. I make that disclosure to you
16 because it's important for the record for me to make the
17 disclosure. I also at one point in time, before they opened a
18 shopping mall, whenever that was, because it was a long time
19 ago, participated in training a security staff on how to
20 properly document personal injuries in case we had to litigate
21 those. That was the -- my best recollection of the extent of
22 my involvement. But I make that disclosure to you so you can
23 have a moment to think about it, decide if you want to consult
24 with your clients outside my presence before we get to your
25 matter, which is near the end of the calendar.

1 MR. CAMPBELL: Thank you, Your Honor.
2 MR. PEEK: Thank you, Your Honor.
3 (Proceedings recessed at 9:02 a.m., until 10:25 a.m.)
4 THE COURT: Okay, Jacobs.
5 And if everyone could please identify yourself for
6 the record again for the clerk.
7 MS. GLASER: Good morning, Your Honor. Patricia
8 Glaser for Sands China.
9 MR. PEEK: Good morning, Your Honor. Stephen Peek
10 on behalf of Las Vegas Sands Corp.
11 MR. CAMPBELL: Good morning, Your Honor. Donald
12 Jude Campbell, Campbell & Williams, on behalf of Mr. Jacobs,
13 the plaintiff in the action.
14 MR. WILLIAMS: Colby Williams on behalf of the
15 plaintiff, Your Honor. That's Steve Jacobs, the plaintiff.
16 THE COURT: Good morning.
17 MR. JACOBS: Good morning.
18 THE COURT: Which motion would you like to take
19 first?
20 MR. PEEK: It matters not to us, Your Honor.
21 Whatever is the pleasure of the Court.
22 THE COURT: Mr. Peek, your motion is shorter.
23 MR. PEEK: Thank you, Your Honor.
24 THE COURT: Not by much.
25 MR. PEEK: Well, my papers certainly. I see the

1 opposition's a little bit lengthier.

2 Although mine is shorter, Your Honor, it is a little
3 bit more fact specific, because the analysis that you have to
4 make under Rule 19(a) and Rule 19(b) is more fact specific for
5 the purposes of the motion to dismiss for failure to join an
6 indispensable party under Rule 19(a) and Rule 19(b).

7 As you know, this is a case brought by a Georgia
8 resident against Las Vegas Sands Corp. and Sands China
9 Limited, a Macau entity. This case started with Mr. Jacobs in
10 the spring of 2009, when Mr. Jacobs first was retained through
11 his company, Vagus, to be a consultant to Las Vegas Sands
12 Corp. I emphasize it was Vagus who had the consulting
13 agreement with Las Vegas Sands Corp., Your Honor. It then, of
14 course, changed in the spring of -- later in the spring of
15 2009. So in May of 2009 an agreement for services between
16 Jacobs and Venetian Macau Limited, which is our Exhibit B, was
17 entered into on behalf of Venetian Macau Limited on the one
18 side and Jacobs on the other. We've set forth and Your Honor
19 can see what the terms and conditions were of that agreement
20 for services, but, importantly, it is an agreement for
21 services between Venetian Macau Limited and Mr. Jacobs.

22 That then moved and transitioned in the latter part
23 of May and the first part of June 2009 into a letter of
24 appointment by Venetian Macau Limited. That's Exhibit C to
25 our motion. And in that letter of appointment Mr. Jacobs was

1 appointed as president of Venetian Macau Limited. He was to
2 be paid a salary of \$1.3 million per year, he was to serve for
3 two years, could be terminated without cause. There are other
4 terms and conditions. And Mr. Jacobs proceeded to begin work
5 on behalf Venetian Macau Limited under the terms and
6 conditions of that agreement of a letter of appointment for
7 executive.

8 Now, certainly, as Mr. Campbell's papers point out,
9 it was something that was needed for purposes of Mr. Jacobs to
10 get a blue card. But though it was for purposes of getting a
11 blue card, it was also for purposes of his employment as the
12 president and chief executive officer of Venetian Macau
13 Limited.

14 So he started work in June 2009 on behalf of the
15 Venetian Macau Limited as president and chief executive
16 officer of Venetian Macau Limited in the Macau Special
17 Administrative Region of China, Macau SAR. You've seen that.
18 We also know, Your Honor, that beginning in that same period
19 of time he began working as Venetian Macau's president/CEO,
20 and moved and began to operate out of Hong Kong and Macau.

21 Certainly there was, as we know a -- a he calls a
22 side letter, which is Exhibit 10 to their motion, which was
23 preceded by an Exhibit 11 email. And the Exhibit 11 email I
24 think is important because it's characterized one way in his
25 email and another way by his counsel. In the email, written

1 contemporaneously on July 1st, Mr. Jacobs, writing from an
2 email address, Your Honor -- and you see that on Exhibit 11,
3 what his email address is, it's steve.jacobs@venetian.com.mo,
4 which is Macau. He's writing from the Macau -- Venetian Macau
5 email address as president and CEO.

6 So he writes in the second paragraph, "Attached you
7 will find a two-page side letter that Luis has suggested we
8 sign locally. It was not, as Mr. Jacobs attempts to
9 characterize it in his opposition, something that he thought
10 was necessary because he wanted to have a not Nevada or United
11 States corporation held liable. It was something that Luis
12 suggested, it was not something that Mr. Jacobs suggested, as
13 they write and as he says in his affidavit, because it's
14 contradicted by his own email.

15 But what do we have in that so called side letter
16 that I think is important for all of us to understand and
17 characterize? We know from that so-called side letter that he
18 acknowledges that Venetian Macau Limited understands that Mr.
19 Jacobs is having discussions with the Las Vegas Sands Corp.
20 for purposes of his employment contractual terms and
21 conditions. Now, he's talking to the parent company because
22 he's talking to a parent company who's going to hire a
23 president and CEO for a subsidiary, indirect subsidiary of it,
24 so there's nobody there other than -- when you're talking
25 about hiring a president, the vice president doesn't hire him,

1 the CFO doesn't hire him, somebody has to hire him, somebody
2 has to be in a position to hire him. And that's the parent.
3 So that's why he's in discussions with Las Vegas Sands Corp.

4 But what is even more important to them? And this
5 is, I thought, an interesting portion of not only the
6 contract, but also the way that counsel characterized it. And
7 I'm reading now, Your Honor, from Exhibit 10. "First of all,
8 if you and the Company --" company is defined as VML, "-- do
9 not reach agreement on your employment terms and conditions
10 and a valid employment contract (including the supplemental
11 employment terms) is executed on or before October 31st, the
12 interim agreements will expire." Those are the interim
13 agreements of the consulting and the June 16th agreement.

14 But here's the paragraph that I thought interesting,
15 Your Honor, that a misquote in their brief. Again, it says,
16 "The Company and you," and again, "company" here is
17 capitalized and stands for VML, "hereby agree that your
18 employment relationship with the Company," again capitalized
19 C, meaning VML, "will be ruled exclusively by the terms and
20 conditions forming part of an employment agreement being
21 currently negotiated and to be agreed upon and executed in due
22 time, which agreement shall replace and supersede in its
23 entirety the interim agreements." This is in July of 2009.

24 Now, they want to characterize this side letter as
25 something that says in their minds that there's no enforceable

1 agreement and that they're discussing their contractual
2 relationship with Las Vegas Sands Corp. so therefore, under
3 that syllogism that they argue, the contract must be with Las
4 Vegas Sands Corp. But that's not what the letter says, and
5 that's not what Mr. Jacobs signed. He signed that the
6 company, VML, and he agree that his employment relationship
7 well be with the company, VML.

8 Now, you'll note in their opposition that they make
9 a little small C. They try to make it in their opposition
10 appear to the Court as though "company" means somebody other
11 than VML. But it means VML. There certainly were, no
12 question, in that period of time negotiations between Jacobs
13 and the parent corporation as to what he would be paid, what
14 all the terms and conditions of his contract of employment
15 with VML would be.

16 So what do we have, then? We have, of course,
17 a terms sheet. That terms sheet came out of a series of
18 emails and negotiations, and it starts -- and we'll look at
19 Exhibit 12, Your Honor, because it's that -- it's that terms
20 sheet upon which they focus to say it's Las Vegas Sands Corp.
21 who is the employer and not VML. And they say to you and you
22 know that the Court has to interpret that contract as to
23 determine who the obligors are under that contract.

24 So let's start with at least Exhibit 12, which is
25 the email. We note first of all that that address -- that

1 email address is like the other one. It's sent from the Macau
2 Limited email address. Mr. Jacobs is already over there doing
3 the work for VML as the president and CEO under the letter of
4 appointment of June 16th, 2009. He talks there about the fact
5 that he has been paid the 75 shares of stock options for LVSC
6 for work performed by Vagus as a consultant to LVSC, so he
7 acknowledges that. He got those options for the work that he
8 had done. He acknowledges that in his email, Exhibit 12. He
9 also says that it's a -- now a no go or a go, no go situation
10 for him.

11 Why is it a go, no go situation for him? Because he
12 talks about having to move his family to Hong Kong, and for
13 his child to be enrolled in a school in Hong Kong he needs to
14 be able to make a decision, because he's already lost the
15 opportunity with at least three schools in Hong Kong to enroll
16 his child. So he needs to be able to get a decision now from
17 Mr. Levin as to whether or not I'm going to have a contract.
18 So that's his go, no go.

19 He also says, my wife needs to be able to get over
20 there quickly enough in order for her to get a green card to
21 stay there in Hong Kong. He's going to move to Hong Kong to
22 perform work on behalf of VML as its president and CEO. You
23 don't go to Hong Kong to do work for Las Vegas Sands Corp.,
24 which is what he attempts to have you believe.

25 He also says that, I need to be able to have this

1 determined right away because I have to be able to ship my
2 furniture and my belongings over to Hong Kong in order to have
3 them there so that I can start my work. Start his work for
4 what? President and CEO of VML.

5 So we do get the terms sheet that he prepares, and
6 he sends it to Mr. Levin, and that terms sheet, as you know,
7 is Exhibit 13 to their motion. And what does he say about
8 that terms sheet? He says in his Footnote 16 that that
9 Exhibit 13 which is attached is a true and correct copy of the
10 terms sheet. He says it's the true and correct copy, and yet
11 -- so whose signature do we see on there? Do we see Mr.
12 Jacobs's signature on that? No, we don't. And that's an
13 interesting part of this case both from the complaint
14 standpoint as well as from the motion practice. He keeps
15 saying, this is my agreement, this is what I signed; but he
16 doesn't present you with a signed copy of the terms sheet.

17 THE COURT: But Mr. Levin signed it.

18 MR. PEEK: I agree Mr. Levin signed it, Your Honor,
19 and I'm not arguing that. But I think it's interesting that
20 he continues to argue that, this is my contract but I didn't
21 sign it. So is only VML to be bound by that and not Mr.
22 Jacobs to be bound by it? Is there something else that Mr.
23 Jacobs has?

24 But what do we see in that terms sheet which is
25 Exhibit --

1 THE COURT: 13.

2 MR. PEEK: -- 13? We see the following. A
3 \$1.3 million salary, same as what the letter of appointment
4 is of June 16th. It's a 50 percent bonus. And what's the
5 50 percent bonus based on? It's the -- 25 percent of it will
6 be based upon him achieving a certain level of EBIT DAR
7 performance as submitted and approved by the board for Macau.
8 So it's based upon the performance of VML, Venetian Macau
9 Limited and the casino in Macau. That's what his bonus is
10 based on, not something he's doing for Las Vegas Sands Corp.
11 And then there's another one where 25 percent of that
12 50 percent bonus is based upon individual objectives to be
13 mutually agreed upon on an annual basis. We don't have any
14 follow up to that, Your Honor.

15 Then what do we have? We have an equity portion.
16 And what does it say in the equity portion, again, that is
17 critical as to who the contracting parties are and who's going
18 to perform? Because at this time there is no Sands China
19 Limited, and it's clearly reflected that there's no Sands
20 China Limited, because it says that the contract will be him
21 as president and CEO Macau, a listed company (ListCo), not
22 president and CEO Las Vegas Sands Corp., not executive vice
23 president, nothing, really, for Sands Corp. He's going to be
24 a position as president and CEO Macau, a listed company.

25 So let's talk now about the options. The options

1 are -- the Court knows they're 500,000 shares of Las Vegas
2 Sands Corp. But what does it then go on and say to be
3 consistent with who the employer is and what his role will be,
4 is that those options will be converted into ListCo, which we
5 know was Sands China Limited. We know it from his papers, we
6 know it from our papers. So that doesn't make him again an
7 employee of Las Vegas Sands Corp. It's just that's all that
8 there was that was available at that time in negotiating with
9 him to work on behalf of the subsidiary. A parent was
10 granting him options, knowing that there was going to be a
11 publicly traded company at some time. If it worked out, those
12 would be converted into that company for whom you're going to
13 be performing services, who was going to be your employer.
14 "Convert it at IPO into sufficient number of ListCo options."
15 So again that's evidence of the fact that his employment
16 relationship was not with Las Vegas Sands Corp., but was in
17 fact with VML and/or Sands China Limited.

18 So there are no joint obligors or no co-obligors
19 under this terms sheet. The obligors were the -- the obligor,
20 not plural, was VML and/or ListCo, not Las Vegas Sands Corp.
21 We know, because we presented evidence from June 2009 all the
22 way up until the termination in July 2010, he was paid from
23 VML. We also know that he received stock options from Sands
24 China Limited. We now that he moved to Hong Kong, he took his
25 family, he enrolled his child in school, he negotiated for, as

1 we know from the terms sheet, repatriation, an exit package, a
2 one-time fee to cover moving expenses, a housing allowance of
3 12,000 a month, a repatriation, meaning when I come back -- my
4 business affair for employee independence. We know that all
5 of his vacation, holidays, and employment benefits were paid
6 from VML. Certainly he did report to either the president and
7 CEO Macau -- excuse me, president and CEO of LVS, COO of LVS
8 or CEO/chairman LVS, because at that time Venetian Macau
9 Limited didn't have its own CEO or its own chairman to whom he
10 could report. So you're going to report up to the parent.

11 We also know, Your Honor, from papers that have been
12 filed subsequently, that Mr. Adelson became the chairman of
13 Sands China Limited, the parent company of VML. So it's
14 logical that he was going to be reporting to the chairman of
15 the board of the entity that became Sands China Limited and
16 became ListCo here.

17 So what do we know later? Again, Your Honor, trying
18 to interpret this contract and interpret the circumstances
19 here factually as to whether or not VML should be a necessary
20 party and whether in the absence of having jurisdiction over
21 them in equity and good conscience this case should be kept
22 or dismissed. So we have certainly Plaintiff's Exhibit 15,
23 the comp committee. No other comp committee was available
24 to approve other than the Las Vegas. We have Plaintiff's
25 Exhibit 16, an email from Gail Hyman to Jacobs. "Once you've

1 signed the employment agreement you will become an executive
2 officer of LVSC," not an executive -- not -- excuse me, not an
3 employment agreement with LVSC, but an employment agreement
4 for your position as president and CEO of Macau, you will
5 become an executive.

6 THE COURT: Of LVS.

7 MR. PEEK: Of LVS. That doesn't make him an
8 employee of LVS, Your Honor. But for purposes of SEC
9 reporting you become an executive officer of that.

10 You have Exhibit 17, which is a similar email from
11 Ms. Hyman to Mr. Jacobs. It's Plaintiff's Exhibit 17 in which
12 Ms. Hyman reports to Mr. Jacobs that Mr. Adelson and Mr. Levin
13 have decided to make the CEOs of the company's significant
14 subsidiaries executive officers of LVSC for SEC reporting
15 purposes. It doesn't say, because you're an employee of LVSC,
16 it says, because you are a CEO of the company's significant
17 subsidiaries, in this case VML. And she asks him to sign the
18 attach form.

19 And then if we look at Exhibit 18 attached to
20 plaintiff's opposition -- and I thank, actually, plaintiff
21 for attaching all these, because they're very helpful. In
22 Exhibit 18, which Mr. Jacobs signed and submitted on
23 September 14th, 2009, what does he say he is under his
24 signature -- or above his signature? He says -- in the block
25 numbered 4 it says, "Relationship of reporting person to

1 issuer, President and CEO Venetian Macau Limited." President
2 and CEO of Venetian Macau Limited. He doesn't say, I'm
3 executive VP of Las Vegas Sands Corp., he doesn't say, I'm
4 some kind of an employee of Las Vegas Sands Corp. He says, my
5 position and relationship to the issuer is not as an employee
6 of it, but it's as a president and CEO of this indirect
7 subsidiary, Venetian Macau Limited. That's what he said he
8 was. He doesn't say, I'm an employee of LVSC. So clearly,
9 Your Honor, he is the employee [sic].

10 And now what do we have that they also are kind
11 enough to attach? They have something called an Exhibit 19,
12 which is our 8-K in which we are reporting to the world that
13 we are engaged in any IPO of Sands China Limited and that
14 there is this Web-proof information pack available to people
15 to review, the WPIP, which is a new term for me, Your Honor,
16 that I learned today. And in that Exhibit 19 attached to that
17 8-K plaintiff was kind enough to attach that Web-proof
18 information pack in which on page 201 or the last page of the
19 exhibit, Your Honor, it describes who the directors and senior
20 management of Sands China Limited, this now to be traded -- or
21 this now initial public offering entity to be traded on the
22 Hong Kong Stock Exchange --

23 THE COURT: Well, it's created in the Cayman
24 Islands.

25 MR. PEEK: Pardon?

1 THE COURT: But it's created in the Cayman Islands.

2 MR. PEEK: Yes. But it's going to be traded on the
3 Hong Kong Stock Exchange, Your Honor.

4 THE COURT: I got that.

5 MR. PEEK: What does it say Mr. Jacobs is? He is
6 the chief executive officer, president Macau, and executive
7 director. That's who Sands China describes as its directors
8 and senior management.

9 And then they make much of this sentence, which
10 begins with who the executive directors are. The first one
11 is, "Steven Craig Jacobs, age 46, is our chief executive
12 officer," okay, "our" meaning SCL, "is the president Macau and
13 executive director," again, that's what he does, he's
14 president, executive director, CEO of Macau. "Mr. Jacobs has
15 been president Macau of LVS," again, that's what he's been,
16 VML, "from May 2009," and here's a sentence that they think is
17 really important -- or phrase, "has worked with LVS since
18 March 2009." It's interesting that it says "worked with," not
19 "worked for," because, yes, he had a contract with -- as
20 Vagus, V-A-G-U-S, Your Honor, as a consultant which was
21 entered into in March of 2009. So, yes, he's worked with LVS
22 under that consulting agreement with Vagus, his entity.

23 We know, of course, that there were termination
24 letters, first from Sands China Limited, which is their
25 Exhibit 22, signed by Mr. Adelson, whom we know from Exhibit

1 -- from this exhibit we just reviewed, Exhibit 19, 8-K, that
2 Mr. Adelson was the chairman of the board of SCL. So that's
3 one termination letter on the letterhead of Sands China
4 Limited, not on behalf of LVSC. We know that Exhibit G to
5 their -- to our motion, Your Honor, is the termination letter
6 from VML, Venetian Macau Limited.

7 So when you look at, Your Honor, all of those facts,
8 all of those circumstances, you take them all together, you
9 can only come to one inescapable conclusion, is my belief,
10 Your Honor -- certainly you may disagree with me, but I don't
11 think you will -- that he was an employee of VML, not an
12 employee of Las Vegas Sands Corp.

13 So where do we go from there? Then we look at the
14 analysis under Rule 19 for the Court to determine based on
15 these facts, based on what I had been presented --

16 THE COURT: So can I ask you the question that
17 controls sort of this.

18 MR. PEEK: Certainly.

19 THE COURT: Is VML subject to service of process and
20 whose joinder will not deprive the Court of jurisdiction over
21 the subject matter of the action?

22 MR. PEEK: I would say, Your Honor, that more than
23 likely not. They are not. I would be -- it would be silly
24 for me to argue otherwise, Your Honor. They are an entity
25 doing business in Macau.

1 THE COURT: In the Republic -- Special
2 Administrative Republic --

3 MR. PEEK: Special Administrative Region of Macau.
4 And he has -- contractually he agreed, Your Honor, in the
5 letter of appointment to Venetian -- excuse me, to Macau's
6 jurisdiction, Macau venue, and to be doing everything in
7 Macau. But just because this Court may be deprived of
8 jurisdiction, you have to make that first determination of
9 whether or not they are a necessary party under 19(a).

10 First of all, Your Honor, you have to look at, you
11 know, is it a necessary party. I say it's an easy one,
12 because there is a contract with VML. It will impede the
13 ability of the parties to protect their interests, because VML
14 won't be there. It won't be there to protect its interests
15 under the contracts and the contract upon which it terminated
16 Mr. Jacobs. It's the only one who has the right and the
17 authority to terminate Mr. Jacobs. It is not Las Vegas Sands
18 Corp. who has that right, it is Venetian Macau Limited. They
19 have to be there in order for him to make that case of a
20 contractual relationship that he had with Venetian Macau and
21 for them to say, I terminated him because he failed to fulfill
22 his obligations. That's who terminated him, Your Honor, not
23 Las Vegas Sands Corp., not Sands China Limited. It was --
24 well, excuse me. Sands China Limited also terminated him
25 under the July as president and CEO of that entity, but the

1 contractual relationship and the obligation for his payments
2 were termed by VML.

3 You can't say VML doesn't have to be here, although
4 they argue that they're co-obligors. They are not co-
5 obligors, Your Honor. There's no contractual obligation that
6 Las Vegas Sands Corp. made with Mr. Jacobs to pay his salary,
7 to pay his benefits. They cite to the Janie case as being
8 controlling. If you look at the Janie case, the reason the
9 Janie case created co-obligors is because they specifically
10 agreed that Underwood and its subsidiaries would be liable.
11 We don't have that here, Your Honor. You can't keep him --
12 you have to decide that he is a necessary party, Your Honor,
13 because his contract is then with VML.

14 So what do you look at next? You look at the four
15 factors under 19(b), whether under equity and good conscience
16 -- equity and good conscience applies not only to Mr. Jacobs,
17 but it also applies to VML and also applies to LVSC. So it's
18 not just something you look about, oh, poor Mr. Jacobs, the
19 Georgia resident who's coming to Nevada to sue a Nevada
20 corporation, you look at what the impact and the effect is
21 upon those who are not parties, VML, and those who are a
22 party, Las Vegas Sands Corp., under current framing of their
23 pleadings. You have to look at both. You don't just look at
24 Jacobs and say, oh, my gosh, what can you do about poor Mr.
25 Jacobs, the Georgia resident.

1 And one factor, judgment might be prejudicial. It
2 will be prejudicial to the absent party, VML, who won't be
3 here to defend its actions in terminating Mr. Jacobs under its
4 contract with Mr. Jacobs.

5 THE COURT: Mr. Peek, can you tell me what court in
6 whatever jurisdiction in the world would have jurisdiction
7 over all of the parties in this case --

8 MR. PEEK: Venetian Macau --

9 THE COURT: -- including VML.

10 MR. PEEK: Macau would, Your Honor.

11 THE COURT: Macau's not going to have jurisdiction
12 over all the parties in this case.

13 MR. PEEK: They're going to have jurisdiction over
14 Mr. Jacobs, they're going to have jurisdiction over Sands
15 China Limited, they're going to have jurisdiction over VML.

16 THE COURT: And LVSI?

17 MR. PEEK: LVSI, Your Honor, in the way it does
18 business there through its subconcessions I think is going to
19 be -- have jurisdiction over LVSI.

20 THE COURT: Okay. Thank you.

21 MR. PEEK: I'm certainly not a Macau lawyer, Your
22 Honor --

23 THE COURT: I know.

24 MR. PEEK: -- so I don't want to be able to say that
25 to you. But I believe that, given the fact that it is the

1 entity which certainly as the parent and as the one who sought
2 and achieved subconcessions through indirect subsidiaries, it
3 may likely be subject to service of process in Macau. Okay.

4 THE COURT: Okay. Thanks.

5 MR. PEEK: Okay. So in equity and good conscience
6 let's look at that, okay. So here we don't have the
7 jurisdiction over Venetian Macau Limited, so you're saying --
8 you're suggesting that, okay, it's okay to proceed against
9 LVSC because perhaps in Macau Mr. Jacobs may not have
10 jurisdiction over LVSC. But let's look at the equity and good
11 conscience. Who's the contract with? The contract's with
12 VML, not Las Vegas Sands.

13 So even if you don't have jurisdiction over Las
14 Vegas Sands Corp. in Macau, how is he to be harmed? Because
15 he has the obligor, the obligor is there. The one who signed
16 that contract and paid his wages and paid his benefits and
17 gave him stock options, they're there in Macau. So you don't
18 even need to have Las Vegas Sands Corp. So when you ask me
19 that question, it's really not a question, though I can answer
20 the way I did, that is necessary to your decision, because in
21 equity and good conscience does he have complete relief? Does
22 he have an adequate remedy if this case is dismissed against
23 him? Yes, he does. That's what you have to look at, is does
24 he have an adequate remedy, does he have a remedy at all. He
25 does. Macau, Sands China Limited, VML.

1 Your Honor, I could go through the other four
2 factors, but I think I've gone through them. But, you know,
3 one, I don't think you can fashion relief here to avoid or
4 lessen prejudice to VML, to avoid or lessen the prejudice to
5 Las Vegas Sands Corp. of having the possibility of multiple or
6 duplicate or inconsistent judgments rendered against it or
7 against VML. That party who termed him is not here. That
8 part who wrote those letters is not here.

9 THE COURT: Well, but Sands China Limited is.

10 MR. PEEK: Certainly, Your Honor. And you'll
11 address that with Ms. Glaser. You'll have to address that
12 question with Ms. Glaser as to whether or not it is the entity
13 who paid his salary, an entity who certainly gave him options
14 and the entity who paid his benefits and whether or not it was
15 the one directing him. But that's a different -- different
16 issue, Your Honor. But as far as Las Vegas Sands Corp. is
17 concerned, it must have that entity which entered into the
18 contract and gave its obligations or agreed to its obligations
19 to Mr. Jacobs here when he moved to Hong Kong, took his family
20 with him, and set up shop in Hong Kong as the president and
21 CEO of Macau. Thank you.

22 THE COURT: Thank you.

23 Mr. Campbell, Mr. Williams.

24 MR. CAMPBELL: If I could have the Court's
25 indulgence for about 30 seconds.

1 THE COURT: Sure.

2 (Pause in the proceedings)

3 THE COURT: And, counsel, as always, if you need to
4 get up to be able to move to see a board, please feel free to
5 get up.

6 I truly appreciate, Mr. Peek, you and Mr. Campbell
7 being so civil and complimentary to each other today.

8 MR. CAMPBELL: Oh, absolutely, Your Honor.

9 MR. PEEK: Thank you, Your Honor.

10 MR. CAMPBELL: Mr. Peek and I go back a long while.

11 Your Honor, I'd like to try to take you through some
12 of the documents themselves to point out what we believe are
13 the critical factors and elements of each of these documents
14 and why it eviscerates the argument that has just been made by
15 Las Vegas Sands.

16 I'd like to start first of all with the consulting
17 agreement. Throughout both the original moving papers and the
18 rebuttal Las Vegas Sands has repeatedly said that these are
19 two employment agreements, time and time again. Irrespective
20 of what we demonstrated in our opposition, they nevertheless
21 cling to that dogma. And that is absolutely not true. But
22 there are a few important features of each of these documents
23 that we believe are going to have a bearing on the decision
24 that the Court makes here today. And let's talk about the
25 first one.

1 As you can see, Your Honor, from the consulting
2 agreement -- and that consulting agreement is our Exhibit
3 Number -- that's our Exhibit Number 8, Your Honor.

4 THE COURT: 8.

5 MR. CAMPBELL: This consulting agreement was with
6 Mr. Jacobs's company, Vagus Consulting. And, contrary to what
7 has been said over and over in both the moving papers of Las
8 Vegas Sands, as well as their reply, this was not an
9 employment agreement. This was a consulting agreement. And
10 in fact it specifically excluded him as being an employee of
11 VML. That's not my argument, that's not my hyperbole, that is
12 what the agreement says. He was an independent contractor, he
13 was not an employee. So this really is a canard, except for
14 one very important feature. And this is going to become
15 important as we go along in this argument. And the feature of
16 this is this was a consulting agreement that was indeed with
17 VML, and it was signed, Your Honor, if you'll look at it, by
18 Antonio Ferraria. Mr. Ferraria -- and, by the way, you never
19 got an affidavit from him. Mr. Ferraria was the executive
20 director for VML. I'd like you to keep that in mind as we go
21 along, the executive director signed and bound VML to this
22 consulting agreement.

23 Now let's move to the side agreement, which is
24 Exhibit 10, the side letter. This side letter completely
25 eviscerates the employment agreement. If you would take a

1 look at the so-called employment agreement -- just put that up
2 here for a second, if you would --

3 THE COURT: And you're on Exhibit 10 now?

4 MR. CAMPBELL: Yes, Your Honor. If you'll take a
5 look at this, this, too, is on Venetian Macau Limited. Now,
6 the contract that -- the purported contract that employed him
7 that they spent a good deal of time talking about was with
8 VML. That's what they talked about, that employment contract.
9 Now, this says -- and, by the way, that's the employment
10 contract that they say controls, that's the employment
11 contract that they say dominates with respect to what the
12 application of the law, and likewise compels this to be
13 brought in that forum. That is the employment agreement
14 they're talking about. And that employment agreement, too,
15 was signed by VML through, once again, Antonio Ferraria, its
16 executive director.

17 Now, this side agreement, which was never, ever
18 brought up by either Las Vegas Sands nor by Sands China at any
19 point in their moving papers -- and the Court should ask
20 itself why. We suggest for this reason, because this side
21 agreement says as follows, that the relationship is going to
22 be, quote, "ruled exclusively by the terms and conditions
23 forming a part of an employment agreement currently being
24 negotiated, agreed upon, and executed in due time, which
25 agreement," that is, what is going to follow, that agreement

1 that will follow, "shall replace and supersede." Those are
2 not words of equivocation. They are direct and dogmatic.
3 They will replace and supersede in its entirety the interim
4 agreements that were signed by VML and by Mr. Ferraria on
5 behalf of VML. So once that's done, these no longer exist.
6 They're meaningless.

7 Let's go to the exchanged email. Those terms are
8 hammered out, and they're hammered out with Mr. Levin. And
9 Mr. Levin ultimately agrees to those terms with respect to
10 what has been agreed upon in an email in which he on behalf of
11 the Las Vegas Sands, not on behalf of VML or any other entity,
12 but on behalf of Las Vegas Sands, agrees to it and says, this
13 will protect you.

14 It then goes to the terms sheet, Your Honor. This
15 terms sheet, all right, is the ultimate agreement which we
16 contend replaces in its entirety any other agreements that may
17 have existed with VML.

18 THE COURT: And that's Exhibit 13?

19 MR. CAMPBELL: Yes, Your Honor. And, Your Honor,
20 that is the agreement that Mr. Peek so forcefully argued was
21 somehow ineffectual or likely ineffectual because it was not
22 signed and agreed upon by both of the parties because it only
23 bears the signature of Mr. Levin. But I'll get to that in a
24 moment.

25 This terms sheet, which was agreed and signed on

1 August the 3rd of '09, Your Honor, makes no mention whatsoever
2 of VML. You will see, likewise, that the signature on it is
3 not of any officer or director of VML. You don't see Antonio
4 Ferrara's signature on it on behalf of VML. For good reason,
5 Your Honor. Because this is not with Venetian Macau Limited,
6 this is not like the consulting agreement with VML or the --
7 or any of the other agreements. That's why Ferrara is not
8 signing it. This is with Las Vegas Sands. And in fact and
9 indeed you will see that it is identifying Las Vegas Sands
10 senior executives as those individuals that he will report to.
11 It does not say that he is going to be reporting to VML's
12 executive director, Mr. Ferrara, but rather to the president
13 and chief operating officer of Las Vegas Sands and to the Las
14 Vegas Sands chief executive officer, and he's also chairman of
15 the board of Las Vegas Sands, Mr. Sheldon Adelson.

16 So we have no mention whatsoever of VML, we have no
17 signatory of VML's executive director, Mr. Antonio Ferrara,
18 it differs dramatically in other ways, showing that in fact
19 there were other terms and conditions included in this that
20 we're replacing and not supplementing, but superseding. For
21 example, you will look in vain, Your Honor, for any such forum
22 clause that Mr. Peek so adamantly contended required this to
23 be brought to the courts of Macau.

24 Your Honor, there is also a significant increase in
25 the term of the employment contract. The term is at least one

1 full year longer. Rather than two, it's now three. It also
2 provides one of the most significant and important financial
3 considerations, and that is the remuneration that is going to
4 be received by my client, Mr. Jacobs, of half a million
5 dollars of stock in Las Vegas Sands. That had increased it
6 substantially by the earlier 75,000 shares that he had
7 previously received. In addition, Your Honor, you will look
8 at that stock agreement. That stock agreement specifically
9 says that that agreement with him by Las Vegas Sands is
10 controlled exclusively by, not the law of Macau, but rather,
11 Your Honor, by the law of the state of Nevada.

12 Next, this terms sheet, who was it actually
13 negotiated with? Again, it was negotiated with Mr. Levin and
14 to some degree Mr. Adelson, both of whom have no role in any
15 sort of executive, board, or officer fashion with VML. Zero.
16 That's who he negotiated this with, Your Honor.

17 Who approved his compensation of -- as detailed in
18 all of this? It wasn't anybody but Las Vegas Sands
19 compensation committee approved it. And that makes perfect
20 sense, because they are the party to the agreement. It's
21 their chief operating officer who's signing off, and it's
22 their chief executive officer who's also agreed to all of
23 this. It only makes sense that the compensation committee of
24 the board of Las Vegas Sands has agreed to this.

25 What happens upon this agreement being signed and

1 executed? What happens is that Mr. Jacobs is thereafter
2 forever designated as an executive of Las Vegas Sands. And
3 this is not window dressing. This is exceedingly important.
4 It's exceedingly important because if he is such an executive
5 of Las Vegas Sands, Las Vegas Sands must do certain things
6 with respect to him. The Securities and Exchange Commission
7 demands that certain protocols be followed, and those
8 protocols are substantive in nature. Once signed, he is
9 identified by Ms. Hyman, who says that he is now an executive
10 officer. That's something that flows immediately thereafter.
11 He is now an executive officer of Las Vegas Sands. She
12 identifies him as such, and says, you now have attendant
13 responsibilities.

14 SEC Form 3, that is Exhibit 18, Your Honor,
15 identifies Jacobs as an officer of Las Vegas Sands
16 Corporation. Form 8-K identifies Jacobs as president of Macau
17 for Las Vegas Sands Corporation. And indeed Levin -- Mr.
18 Levin and Mr. Adelson in particular are known to exercise a
19 high degree of control. In public filings it has been stated,
20 you'll look at Exhibit 3, that, "Las Vegas Sands exercises
21 control of its business policies and affairs, including the
22 selection of executives including Sands China Limited's senior
23 management." They have full and complete control. Moreover,
24 they are exercising that control -- and I'll save it for the
25 time that you have allotted to us in response to Sands China

1 and Ms. Glaser's argument that will come, but you will see
2 where that control is exercised from.

3 So if I could, I'd just like to -- if I could have
4 that one, please. Let's see if we can just summarize who Mr.
5 Jacobs was dealing with. Specifically, chief executive
6 officer, Mr. Adelson, and its chief operating officer of Las
7 Vegas Sands. He is dealing directly with him. Mr. Ferraria
8 is nowhere around. Nowhere. There's no mention of Venetian
9 Macau Limited at all. He negotiates with, not Venetian Macau
10 Limited, but with Las Vegas Sands Corp. Who is he reporting
11 to? He is reporting directly to Las Vegas Sands Corp., Levin
12 and Adelson. Who is this approved by? Las Vegas Sands
13 Corp.'s compensation committee. Upon this agreement, which
14 supersedes the other agreements and becomes the final
15 agreement, he becomes an officer of Las Vegas Sands Corp. He
16 then receives stock options in Las Vegas Sands Corp. He gets
17 the approval from the GC of Las Vegas Sands Corp., and is
18 advised that he is now responsible for filing important forms
19 with the United States of America, specifically the Securities
20 and Exchange Commission, and, more specific yet, Form 3 and
21 Form 8-K, which identify him as Las Vegas Sands Corp.
22 executive officer.

23 All right. Now, Mr. Peek at -- give me a second,
24 Your Honor, if I could -- at 10:22 today in his argument said
25 as follows: is there something else that Mr. Jacobs has that

1 suggests that he is in fact an employee of Las Vegas Sands,
2 after he started talking about the consulting agreement and
3 then he talked about the actual agreement that was superseded
4 by this particular agreement. And my answer to that is, you
5 bet.

6 Your Honor, this is -- okay. What you're seeing
7 here is Exhibit 21. This is a Las Vegas Sands Corporation
8 Second Quarter 2010 Earnings Call. And this took place
9 July 28th, 2010. And remember, he was terminated on the 23rd.
10 This is five days later. This is right on the heels of his
11 termination, within the week. And he's asked by a J.P. Morgan
12 analyst the following question -- that is, Mr. Levin, the
13 chief operating officer of Las Vegas Sands says, Mr. Greff
14 from J.P. Morgan asks the following question, "Query --"

15 THE COURT: And you're on page 6 of the document?

16 MR. CAMPBELL: Yes, Your Honor. Page 6 of that
17 20-page document.

18 Mr. Greff asks the following question. "Maybe I'll
19 follow up offline with you guys just on the topic of Steve
20 Jacobs's departure. I'm presuming he has a noncompete. Can
21 you confirm that? And how long does that noncompete last?"
22 Mr. Levin says, "I don't believe he has a noncompete.
23 Actually, he does not have an actual employment contract."

24 Let's stop right there. He doesn't say he has an
25 employment contract and it's with VML. He doesn't say

1 anything about anything with VML. They're saying that he has
2 an employment contract with VML. Well, that's not what Mr.
3 Levin is telling the public in this quarterly report on the
4 earnings. He's saying something else. He's saying what
5 actually controls and what actually exists. He does not have
6 an actual employment contract. He's right. He knows, because
7 he negotiated the darn thing. He's the one that said, listen,
8 Steve, if we get the lawyers involved we're never getting this
9 thing done, okay, this is good enough for me, it should be
10 good enough for you, all right, we're in action and we're
11 moving.

12 "He does not have an actual employment contract. He
13 had a signed terms sheet." Absolutely correctly. That's
14 exactly what it was termed. It was a signed terms sheet.
15 He's not saying, I only signed it, he's not saying that,
16 lookit, you know, it may not apply. He's saying he did have a
17 signed terms sheet and he did sign it, Your Honor.

18 You have to understand the circumstances, and I
19 think that Mr. Jacobs outlined it in his affidavit. What
20 happens to him is he's literally removed without any notice
21 whatsoever from the casino floor, taken and brought to the
22 border, and kicked out and he's told he's fired. That's what
23 happens to him. So he didn't have a lot of time to go back in
24 and try to get all of his documents, because they didn't allow
25 him that common courtesy. They just had him escorted right

1 out of the casino right away and brought to the border and
2 said, so long, pal.

3 What else did Mr. Levin say? "We never got to
4 contract with him." He's right. Just as he said, I don't
5 want to go to contract with this thing with all the lawyers
6 involved with it. "And I don't believe he has a noncompete in
7 that terms sheet." Absolutely true. Absolutely true. So we
8 have from Mr. Levin, the chief operating officer of Las Vegas
9 Sands Corp. saying, this is what controls, this is who it's
10 with, and he doesn't mention anything else about any other
11 agreements, that this is in some way affected by some other
12 agreement. If there was an actual contract with VML, as Mr.
13 Peek alleges there was, then he would be talking about it.
14 But this is just five days later. And Mr. Levin knows what we
15 know and what we believe the Court now knows, that this is
16 what controls, not what is now being relied upon in hindsight
17 by Las Vegas Sands as saying, oh, something else controls.

18 But there's something else. This continuing mantra
19 that, you know, this really does not control, that there
20 really is something else is totally and completely eviscerated
21 by something else. Could I have the next.

22 (Pause in the proceedings)

23 MR. CAMPBELL: Okay. Your Honor, you'll see
24 down here something else here. See this SEC filing as to
25 Form 10-Q. Even in the reply they kept harping on the fact

1 that no, no, no, no, no, no, this was never -- this was never
2 the document that controlled the relationship. And we dug and
3 we dug and we dug, and what we found is this. And we have
4 copies of this. I'm sure they're probably aware of it, since
5 they filed it. This is a 10-Q. This is filed, again, in
6 Washington, D.C., with the Securities and Exchange Commission
7 by Las Vegas Sands Corp., all right. And what does the 10-Q
8 say? What the 10-Q says is that, there was an employment
9 offer and terms and conditions that were agreed upon by the
10 company, Las Vegas Sands, on August 3rd, 2009. They're
11 absolutely correct. I agree wholeheartedly with Las Vegas
12 Sands. There it is. If they didn't agree with it, if there
13 was something else, then they wouldn't be filing this. This
14 is the employment offer and terms and conditions agreed upon
15 August 3rd, 2009, and they say, not just agreed upon by our
16 chief operating officer, Mr. Levin, but they say by Steve
17 Jacobs and the company.

18 And, by the way, there is a signed copy of it
19 somewhere. They'll be producing that at some point, I'm sure.

20 This is by Las Vegas Sands Corp., signed by Mr.
21 Sheldon Adelson, the chief executive officer and chairman of
22 the board. And what does it say about the offer and terms?
23 It says two important things, that he's reporting to the
24 president and chief operating officer of Las Vegas Sands and
25 that his options are with Las Vegas Sands and they were

1 granted on the day of hire. The day of hire is with Las Vegas
2 Sands, Your Honor. That's what they're talking about there.
3 So I think we can now put aside that notion that there's not
4 anything else out there that says that.

5 One more thing that Mr. Jacobs, who came to court
6 this morning, flew in for this hearing because, of course, it
7 has a great impact on him, and he just received something.
8 I'll proffer this to the Court, and I'm sure that they may or
9 may not know. I don't know. But he gets a W-2. And he's got
10 it in his pocket. And that W-2 is from Las Vegas Sands. And
11 do you know how it identifies him? As an employee of Las
12 Vegas Sands.

13 Now, it's certainly clear that under all of the
14 important criteria --

15 THE COURT: Mr. Peek, do you want to see the W-2?
16 I'll be happy to have a copy --

17 MR. PEEK: I don't think it adds anything, Your
18 Honor. I'd --

19 THE COURT: I'd be happy to have a copy made of it,
20 if you want.

21 MR. PEEK: I -- I don't think it adds anything. I
22 don't think it even should be part of this argument. But if
23 the Court's going to consider it, it's just representations of
24 Mr. Campbell and statements of counsel, as opposed to
25 evidence.

1 THE COURT: That's why I'm making the offer.

2 MR. CAMPBELL: Your Honor, Las Vegas Sands, it is
3 clear, controlled Mr. Jacobs's employment in every material
4 matter. And control is, according to just about every single
5 case that has grappled with this issue, the singular and most
6 important particular element. I mean, clearly he is reporting
7 to the chief executive officer, the COO. Mr. Jacobs, you will
8 note, filed a very detailed affidavit with the Court, and in
9 that affidavit --

10 THE COURT: And that's Exhibit 1 in the book you've
11 given --

12 MR. CAMPBELL: Yes, Your Honor, with respect to Las
13 Vegas Sands I believe it is Exhibit 1. And you will see in
14 there that he detailed what that control was, and it was
15 virtually all encompassing and affected virtually every aspect
16 of his job.

17 There's something else that I think is very, very
18 important. Certainly while VML may have been designated as
19 the entity that was paying his monthly or weekly or biweekly
20 salary or whatever it may have been, that obligation is
21 absolutely dwarfed by the real compensation at issue in the
22 case. And that's about I think a gross value of about \$10
23 million worth of stock, all right. Absolutely dwarfed by
24 that. And that, of course, is with Las Vegas Sands.

25 So at best, at best -- and we don't even think you

1 can even say it, but at best what we're dealing with insofar
2 as VML is that they would be a joint obligor. There is
3 abundant caselaw on that. I know the Court's read it. Unless
4 you really want me to go in and tell you something you already
5 know, I'm not going to really argue that. But the suggestion
6 that somehow Mr. Jacobs should just get on a plane and go on
7 over to Macau and grapple with all of this over in Macau when
8 in fact all of this is based out of Las Vegas, Nevada,
9 borders, most respectfully, on the ludicrous. This is where
10 Las Vegas Sands has its home. They shouldn't be objecting to
11 being tried in the courts of where it has its home and where
12 it has exercised all of this control and where it has executed
13 and agreed to the seminal documents in this particular case.

14 So, Your Honor, I don't know if you have any
15 questions of me at this time. If not, I'll sit down and --

16 THE COURT: Thank you, Mr. Campbell.

17 MR. CAMPBELL: Thank you, Your Honor.

18 THE COURT: Mr. Peek.

19 MR. PEEK: Mr. Campbell tells you that the phrase in
20 Exhibit 10, which is the -- what he characterizes as the side
21 letter, I characterize it as a supplement to the work permit.
22 He says that the phrase at the end which refers to a "replace
23 and supersede in its entirety the interim agreement," he
24 focuses on that. But what is the antecedent of which
25 agreement? Because you have to focus on what the antecedent

1 is in order to know whether or not there has been a
2 replacement and a supersecession. Starts out, "The Company
3 and you here by agree that your employment relationship," with
4 VML, I'm using VML because it really is the Company, "will be
5 ruled exclusively by the terms and conditions forming part of
6 an employment agreement being currently negotiated and to be
7 agreed upon and executed in due time, which agreement shall
8 replace and supersede in its entirety the interim agreement."
9 So there's still -- when he says which agreement that's going
10 to be able to supersede it, there has to be one between the
11 employee and VML. So by his own reference to that section
12 within the body he is admitting to you and to his client and
13 to me that that terms sheet is a contract with VML, because
14 the only thing that can replace and supersede the interim
15 agreements is a contract between VML and Jacobs. So I agree
16 with his argument.

17 THE COURT: So you don't think the terms sheet's a
18 contract, Mr. Peek?

19 MR. PEEK: No, Your Honor, that's not what I'm
20 saying.

21 THE COURT: Okay.

22 MR. PEEK: What I'm saying, Your Honor -- let me
23 focus again. By what Mr. Campbell is telling you is that that
24 terms sheet is a contract with Las Vegas Sands Corp. and it
25 therefore supersedes. What I'm saying to the Court is if that

1 does -- if it is, as he suggests, a followup to this side
2 letter and therefore a replacement, it can only be a
3 replacement to the June 16th agreement if it is between VML
4 and Jacobs, Your Honor. Because it says that the only thing
5 that will replace and supersede the interim agreement is an
6 agreement between Jacobs and VML.

7 Maybe I'm confusing the Court. You have that look
8 of perhaps puzzlement.

9 THE COURT: No. I have the documents in front of
10 me, and I'm looking at them.

11 MR. PEEK: Okay. I apologize, Your Honor. But it
12 does say --

13 THE COURT: I'm not puzzled.

14 MR. PEEK: Yeah. Because it does say "which
15 agreement." "Which agreement" means the agreement between the
16 Company and VML. So, as I said -- so that's my argument
17 there.

18 THE COURT: So that's why Mr. Levin says on
19 August 4th, after he signs the terms sheet, hey, this is okay,
20 I forwarded it to the comp committee, they already knows the
21 details, and if we get the lawyers involved we'll never get
22 this done?

23 MR. PEEK: Your Honor, I don't disagree that the
24 terms sheet under this argument that he makes is an agreement.
25 I'm not trying to say it's not an agreement. What I'm saying

1 to the Court is it's an agreement if -- whatever kind of
2 agreement it is, it's an agreement with an entity in Macau.
3 It's not an agreement with Las Vegas Sands Corp. That is the
4 focus of their argument, is that the terms sheet is an
5 agreement with an entity, Las Vegas Sands Corp., for him to
6 perform services for Las Vegas Sands Corp. It's not. It's an
7 agreement, Your Honor, for him to be president and CEO of a
8 Macau entity, ListCo. It's an agreement whereby he will be
9 paid by that company in Macau under the terms sheet. It's an
10 agreement where he will receive stock options to be converted
11 into that Macau entity. It's an agreement where he gets
12 housing and allowances for moving expenses and he gets
13 repatriation, all of which focuses on the fact that he is an
14 employee of a Macau entity to perform services in Macau.

15 Now, the fact that there may be individuals like Mr.
16 Adelson and Mr. Levin who have control over the -- their
17 indirect subsidiary Venetian Macau Limited, Sands China
18 Limited later, after it became an IPO -- after it became an
19 entity and then went through its IPO, may somehow -- it
20 doesn't create a contract. That's why I keep getting puzzled.
21 He's focusing on Levin's in control, Adelson's in control,
22 ergo contract with LVSC. No. They are the 90 percent owner
23 of a indirect subsidiary, VML. It's logical that that parent
24 would have some type of say in the operations of its
25 90 percent controlled subsidiary. But that doesn't -- and you

1 cannot ignore the existence of that subsidiary by saying,
2 well, they have control over it.

3 Mr. Adelson was the chief executive officer. You
4 notice he also said that the management under that terms sheet
5 was Levin and Adelson. Again, Mr. Campbell wants to make the
6 -- rewrite things, because it doesn't say "and," it says "or."
7 Now, it may be a little bit of a nit, but it's just like the
8 nit when he doesn't say Company capitalized under the side
9 letter.

10 I don't ignore, Your Honor, the fact that there is a
11 terms sheet, that there is a contract, that we refer to it as
12 a contract with Mr. Jacobs in all of our stuff. But when we
13 refer to it in our 10-Q, which he gave to you, that there is a
14 terms sheet with an indirect subsidiary which we have to
15 report to the SEC of what Sands China, our 70 percent
16 subsidiary, is doing and what its 90 percent subsidiary is
17 doing with Mr. Levin, we report that. All we did was recount
18 within the body of the 10-Q the terms and conditions of the
19 terms sheet. I'm not trying to walk away from that, Your
20 Honor, and say it doesn't exist. But it's not a contract with
21 Las Vegas Sands Corp. It is a contract between Jacobs and
22 ListCo. ListCo became Sands China Limited, which became the
23 parent of VML, Your Honor.

24 So am I looking not at a contract case now, but at
25 something other than that which he argues of control? Because

1 a control doesn't create a contract. The instrument itself
2 creates the contract. The terms sheet itself creates a
3 contract, not the parties who negotiated it. It's what those
4 terms and conditions contained within the body of the contract
5 are that control who the employer is. Just because it was
6 negotiated by Mr. Levin doesn't make it a contract with LVSC,
7 it makes it a contract with ListCo, Sands China Limited. He
8 says that, well, there's the IPO disclosures that -- in
9 Exhibit 3 that LVSC is in control of its subsidiary.
10 Absolutely. It would be remiss to not report to those who are
11 going to buy stock in Sands China Limited that Sands China
12 Limited at the conclusion of the initial public offering is
13 going to be owned by LVSC up to 70 percent. The last I looked
14 under corporate governance, 70 percent gives one control. So
15 they're telling the public, and that's what the Exhibit 3 IPO
16 does, is tell the public that, we're going to be owned by LVSC
17 up to 70 percent and that will create control so you should
18 know that as potential investors, that this entity will own
19 70 percent and it will be in control. Majority rules.
20 Corporate governance, not a very difficult concept, but one
21 that is necessary to report to those who are going to buy the
22 stock. So again, it doesn't say there's a contract, it just
23 says, going to be in control.

24 He focuses on the earnings call, Exhibit 21, and I
25 certainly don't disagree with what Mr. Levin says. But what

1 he doesn't tell you when it's -- when Mr. Levin is being asked
2 the question about the noncompete and about the employment
3 contract, it's in the context of the earlier disclosure on
4 page 3 of the earnings call, Exhibit 21, where Mr. Levin is
5 reporting to those on the phone, as he should be, "Thanks,
6 Sheldon. I'll just add a couple of thoughts. First let me
7 cover our leadership change in Macau. The board of Sands
8 China made the decision that a leadership change was in the
9 best interests of the company, its employees, and
10 shareholders. I will be serving as acting chief executive
11 officer for Sands China while the committee of the board of
12 directors of Sands China conducts the new search for the chief
13 -- new chief executive officer." He's telling everybody about
14 what just occurred.

15 So when Mr. Campbell argues to that when he is asked
16 the question he doesn't say, employment contract with VML, or,
17 employment contract with SCL, well, no, he doesn't need to,
18 because he's already said it. He's already said it five
19 minutes earlier when he reports to those on the earnings call
20 that Mr. Jacobs has been replaced as the president of Sands
21 China and that that decision was made by the board of Sands
22 China and that he's now going to be the new executive -- chief
23 executive officer.

24 He argues to you, Your Honor, that, well, the grant
25 of the 500,000 shares of Las Vegas Sands Corp. stock in the

1 terms sheet is controlling and therefore makes Sands -- Las
2 Vegas Sands Corp. the employer and therefore a co-obligor.
3 But what do we do? If we look and focus on what that terms
4 sheet says, it talks about a conversion into this ListCo, this
5 company that is going to be formed and organized under
6 whatever law that is. As we know, it became an IPO. But it's
7 going to be converted. Again, why is it going to be
8 converted? Because Mr. Jacobs is going to be the employee,
9 going to move to Hong Kong, going to take his family to Hong
10 Kong, and going to run the casino in Macau owned by the
11 indirect subsidiary, Venetian Macau Limited, that party who
12 should be here and present and part of this proceeding because
13 it's the one who termed him. And without them, complete
14 relief cannot be afforded to us, and it would impair and
15 impede, and in equity and good conscience it wouldn't be fair
16 to Las Vegas Sands Corp. and VML to come here, not be present
17 to defend its actions in terminating him which gave rise to
18 the fact that as long as you're not an employee of VML or some
19 entity, Sands China Limited or VML, that ListCo, you don't get
20 your stock options. Somebody needs to come here and defend
21 them, and it shouldn't just be Las Vegas Sands, who doesn't
22 have a contract with Mr. Levin [sic]. Thank you.

23 THE COURT: Thank you, Mr. Peek.

24 Despite the extensive briefing and arguments that
25 have been presented here today, the Court is only hearing a

1 joinder motion at this time, not a summary judgment motion.
2 While it would certainly be easier for all of us if VML was a
3 party to this litigation, the motion is denied because of the
4 Court's concerns regarding jurisdiction over VML.

5 Would you like to go to the Sands China motion now?

6 MS. GLASER: Would Your Honor care to take a break,
7 or would you like us just to --

8 THE COURT: Anybody need a break?

9 They don't need a break.

10 MS. GLASER: In every respect you're tougher than in
11 Los Angeles, Your Honor. Thank you. Your Honor --

12 THE COURT: I always tell them if they need a break
13 they have to tell me. And they're pretty good about it.

14 MS. GLASER: Not a problem. All right. Your Honor,
15 Patricia Glaser for Sands China.

16 Your Honor, this is not about the lack of honor of
17 Mr. Jacobs in carrying out his responsibilities or the honor
18 of Mr. Levin and Mr. Adelson, who terminated this gentleman
19 for good cause. It's not on the merits. This is just about
20 whether Your Honor should be here to discuss and rule on Sands
21 China being a party to this action, key points. And I know,
22 Your Honor, we've filed extensive papers, and I apologize in
23 advance for that. Very thick.

24 THE COURT: No, it's fine. Gives me stuff to read.

25 MS. GLASER: Plaintiff's burden of proof is on this

1 motion, not the other one, but on this motion, and that's the
2 - I'm going to mispronounce this, F-I-R-O-U-Z-A-B-A-D-I, the
3 Firouzabadi case. It's a '94 Nevada Supreme Court case.
4 Their burden, not ours. I want to point out key issues that
5 they do not grapple with, in our view, in a satisfactory --
6 remotely satisfactory fashion.

7 Plaintiff is not now or has ever been a Nevada
8 resident. The Sands -- and you will appreciate this, Your
9 Honor. The second cause of action is the only one alleged
10 against Sands China. In that second cause of action there's a
11 reference to a stock option agreement. That stock option
12 agreement, as we have demonstrated to the Court, says
13 specifically Hong Kong law is to apply. It's page 33 of
14 Exhibit G of the Salt declaration.

15 What does that mean, and why is that so significant?
16 Well, first of all, it's not Nevada law. And what's the
17 difference in this case, what are some of the key differences
18 between Hong Kong law that is by contract supposed to apply?
19 And Mr. Jacobs signed that contract. There's no question
20 about that. This isn't a missing contract. This is a signed
21 contract. You get no jury under Hong Kong law, there is a
22 recovery to the winner of that dispute of attorneys' fees and
23 costs, and, third, if there is a termination for cause or not
24 cause, as long as the stock hasn't vested, he doesn't get
25 anything. If we got up in the morning and decided we didn't

1 like the way he parted his hair and the stock had not vested,
2 which it had not when he was terminated, Your Honor, he gets
3 nothing. That's why you don't hear any discussion about that
4 agreement, because that agreement gives him nothing. Which is
5 another reason why Sands China should not be a part of this
6 lawsuit.

7 Something else that's not discussed at any length in
8 the opposing papers, Hong Kong Stock Exchange rules. It's
9 Exhibit B to the second Salt declaration. That's in the reply
10 papers, Your Honor. In order for Sands China to be registered
11 on that stock exchange they are required to carry on the
12 business independent of and at arm's length with its parent,
13 Las Vegas Sands Corp. There is no dispute that Las Vegas
14 Sands Corp. is indeed the parent, 70 percent, slightly more
15 than 70 percent owner.

16 And, Your Honor, the section I'm referring to in the
17 Hong Kong Stock Exchange rules is 8.10(1)(a)(iii), and also we
18 gave the Court 27(a). Both of those sections specifically
19 provide that this is not a proper place for the rules of the
20 Exchange for Sands China to be a defendant.

21 Now, Sands China businesses operate completely
22 separately from Las Vegas Sands. They have independent
23 financial auditing, they have independent bank accounts, they
24 have independent tax registration, they have independent
25 Treasury Department, and Sands China, appropriately, is not

1 registered to do business in Nevada. It doesn't do business
2 or direct any business of any sort, any activities towards
3 Nevada or its residents.

4 Now, Your Honor, there's sort of a bunch of legalese
5 that is being thrown at you on these jurisdictional issues.
6 One is talking about transient jurisdiction. And the Burnham
7 case - we've provided Your Honor plenty of authority --
8 doesn't apply to corporations, it applies to individuals.

9 There's then the second argument, is specific
10 jurisdiction. And there you need a cause of action that
11 arises from Mr. Jacobs's contacts here, and he doesn't even
12 argue specific jurisdiction in his opposition brief.

13 Where we do have an argument is general
14 jurisdiction. And on general jurisdiction there has to be
15 minimum contacts under anybody's theory, and they have to be
16 substantive, substantial, and continuous. And while that
17 sounds like a bunch of legalese and gobbledegook, there's --
18 one of the cases that we cite, the Gator versus L.L. Bean
19 case, it's a 2003 Ninth Circuit case, talks about how that's a
20 high standard requiring extensive contacts between the
21 defendant and the forum.

22 Now, it's not enough -- and we point this out to
23 Your Honor, it is not enough to have a parent/sub
24 relationship. Parent/sub relationships involve consistent
25 involvement here, nothing more or less than consistent with

1 the entities' investment status. That's not enough. And how
2 do we know that? Because the Ninth Circuit has told us that,
3 among other circuits and other states. That's the AT&T
4 Lambert case, Your Honor. It's a 1996 Ninth Circuit case.
5 And the response that we hear back is, well, you've got to
6 look at this Perkins case. Perkins case is totally
7 inapplicable. It's a 1952 case where that's a guy who has
8 some mining interests in the Philippines and the war has
9 broken out, so he's required to come back to Ohio and conduct
10 all his business, except for the actual mining operations
11 themselves, everything takes place in Ohio. That case is
12 distinguishable completely on its facts as it relates to this
13 case. That's not what happened here.

14 If you look at the FDIC versus British American
15 Insurance case, that is, again -- keep harping on the Ninth
16 Circuit, but it is a Ninth Circuit case, and they have a
17 seven-factor -- seven factors. They talk about the extent of
18 Sands China's purposeful contacts; the burden on Sands China
19 of having to defend an action in Nevada; the extent to which
20 jurisdiction conflicts with domiciliary country, which
21 demonstrated to you and told you about; Nevada's interest in
22 adjudicating the dispute; which forum's the most efficient for
23 resolving the dispute; Mr. Jacobs's interest in choosing
24 Nevada as a forum; and the existence of alternative forums to
25 adjudicate Mr. Jacobs's claims. If Mr. Jacobs has a beef with

1 Sands China, it belongs in either Hong Kong or Macau, Your
2 Honor, because that's the only agreement with Sands China, and
3 that's a stock option agreement that says Hong Kong law, not
4 Nevada, not California, not anyplace in the United States law
5 is to apply.

6 Now, interestingly, there's a Cubbage case,
7 C-U-B-B-A-G-E, which is a Ninth Circuit, again, 1984 case.
8 And there the presence of a choice of law provision was
9 specifically found to weigh strongly in favor of denying the
10 exercise of jurisdiction when the chosen law conflicts or is
11 substantially different from that in the forum state. That's
12 the chosen law. Mr. Jacobs chose Hong Kong law. He can't get
13 around that.

14 I saw a lot of these boards. Can I pull one of them
15 out, Your Honor?

16 THE COURT: You certainly may. You just cannot
17 deface Mr. Campbell's boards.

18 MS. GLASER: I will not deface Mr. Campbell's -- I
19 wouldn't dream of that.

20 I wanted to point out to Your Honor -- here's a big
21 fancy board that was provided to Your Honor. It says,
22 "Jacobs's Employment With LVSC." If you look at the board
23 provided by Mr. Campbell, I looked, and I didn't see Sands
24 China one place on this board. Because it doesn't belong
25 there. The beef, the second cause of action with Sands China

1 is pursuant, Your Honor, specifically to a stock option
2 agreement that says Hong Kong law is to apply. It was signed
3 over there, it was negotiated over there, and we don't belong
4 here.

5 Your Honor, if you have any questions at all, I'll
6 be glad to answer them, either now or at the time of my reply.

7 THE COURT: Thank you.

8 MS. GLASER: Thank you.

9 THE COURT: Mr. Campbell.

10 MR. CAMPBELL: Your Honor, the reason why you don't
11 see anything on Sands China on this particular board, because
12 this particular board was reserved for my argument with
13 respect to Las Vegas Sands. So let me address those
14 particular points. And while they are not on a board, I know
15 that the Court has carefully read our responsive pleadings
16 now, and I think you'll recognize many of these same points.

17 So let's go first of all to the fact that we have a
18 very extensive affidavit, that is, a separate affidavit that
19 has been presented to Her Honor in this portion of the case in
20 opposition to the motion of Las Vegas -- or Sands China. That
21 affidavit by Mr. Jacobs, which has been signed under oath, has
22 received absolutely no responsive affidavit of any kind.
23 None. Zero. They certainly had the opportunity to do that.
24 They certainly had the opportunity to present something. If
25 it was untrue in any way, shape, or form, they could have said

1 that. All they had to do was get one from Mr. Levin or get
2 one from Mr. Adelson. They could clearly have done that, and
3 they did not do that. And why? Well, Your Honor, you have to
4 accept that they didn't do that because they couldn't do that.
5 They're available. There's no reason why they couldn't have.

6 And while Ms. Glaser is absolutely correct that the
7 burden is on us, let's reflect upon what that burden is. That
8 burden is not the heavy burden that was on Mr. Peek with
9 respect to his motion. Rather, it is only to establish by a
10 prima facie case. That's it. It's not even preponderance of
11 the evidence. It's a prima facie case. And we've done it.
12 We've submitted you the only evidence that you have, and it's
13 all under oath. It's all under oath, Your Honor. And this is
14 what he says.

15 "Mr. Adelson --" point one, "Mr. Adelson and Mr.
16 Levin routinely conducted business on behalf of Sands China
17 Limited out of Las Vegas office." He even goes into some of
18 the particular events that demonstrate that, number one, a
19 board meeting, a board meeting. "A board meeting was noticed
20 from Macau, was noticed on both Macau and Las Vegas time."
21 The chairman of that board -- the chairman of the board wasn't
22 in Macau, he was here. Mr. Adelson was here and conducted
23 that board meeting from Las Vegas, Nevada, along with three
24 other members. They had four members of the board that were
25 here conducting the meeting.

1 Mr. Jacobs has said time and time again he flew over
2 here to meet with them with respect to Sands China site
3 design. Indeed, the development over Sites 5 and 6 took place
4 -- took place on a consistent and ongoing basis for 5 and 6
5 here in Las Vegas, Nevada.

6 They recruited and interviewed executives for Sands
7 China Limited here in Las Vegas, Nevada. Indeed, I think Mr.
8 Tracy, who's been recently appointed for Sands China, came out
9 of here along with his co-executive, and I forget that
10 gentleman's name right now.

11 In any event, Adelson issued the directives with
12 respect to those that are present in our complaint as to the
13 threats, improper leverage, et cetera, from Las Vegas, Nevada.

14 Mr. Adelson and Mr. Levin's involvement was
15 extensive in marketing strategies. Similarly, Mr. Levin and
16 Mr. Adelson's involvement in the negotiation of possible joint
17 ventures took place here, including with Harrah's, Mr. Lubman,
18 if you recall that. Again, one more point.

19 Ms. Glaser's talked about arm's-length transactions.
20 She's absolutely correct, Your Honor. Sands China Limited
21 does engage in arm's-length transactions. And they have
22 engaged in those arm's-length transactions, presumably in good
23 faith, in accordance with their fiduciary duty. Now, who have
24 they dealt with? They have dealt with Las Vegas Sands here in
25 Las Vegas, Nevada. They don't have to deal with Las Vegas

1 Sands. Indeed, it's Sands China's commitment that a will
2 exercise their fiduciary duty to get the best deal. So
3 presumably in those arm's-length transactions that they talked
4 about they presumably resolved that issue, and they've said to
5 themselves, this is the best deal we can get among the third
6 parties out there and we're going to go ahead and we're going
7 to contract with Las Vegas Sands because they provide that,
8 and we've done that in good faith and at arm's-length.

9 Let's talk a little bit about that. Reciprocal
10 administrative services are provided. They share the use of
11 jets. They have engaged in reciprocal design, development,
12 and construction. They have an agreement to use International
13 Marketing Services to recruit VIP players for all of the
14 casinos, both Sands China Limited, as well as Las Vegas Sands
15 Asian players, as well. They have the Bally Tech deal, a Las
16 Vegas deal. Jacobs routinely travelled to Las Vegas, Nevada,
17 for meetings with Adelson and Levin with regard to Cirque du
18 Soleil here in Las Vegas, Nevada, as well as Base
19 Entertainment. And if all of that wasn't enough, you have
20 this.

21 THE COURT: See, Ms. Glaser, you do have your own
22 board.

23 MR. CAMPBELL: I saved the best for last, Ms.
24 Glaser.

25 You have this, Your Honor. You have a \$68 million

1 fund associated with affiliate transfer advices. Now, I know
2 that since the time that we've responded they changed the name
3 of these, but let's choose to call it what they choose to call
4 it and what truly it is. These reflected from Sands China
5 players \$68 million in credit deposits and credits for
6 gambling activities, not just for Sands China Las Vegas play
7 -- or Sands China play, but for Las Vegas play, as well. Now,
8 they now say, well, they weren't actually -- you know, we
9 didn't actually courier them, what we did is we had entries,
10 we had journal entries.

11 Let's stop. What they did say was that, we have
12 these journal entries because we wanted to save our customers
13 that were playing in both venues the time and trouble of going
14 to a bank and going ahead and having these transferred by the
15 bank by a wire transfer service, we went ahead and handled it
16 for them. I get it. I understand why they did it. But this
17 is not some guy sitting with that little green shade, okay,
18 making a little entry in a book someplace. What this is is
19 this is a combined, integrated, electronic transfer advice,
20 which basically makes all this money equally available to both
21 venues. And it's not de minimis. This is \$68 million. You
22 know what this type of enterprise is. You have engaged in it
23 every single year that you've probably been earning money.
24 You walk into a bank, and this is what a bank does for you.
25 Sands is acting as a bank for its customers, both in Macau and

1 in Las Vegas, Nevada, to the tune of \$68 million.

2 Now, I was on the other side of this argument to a
3 much lesser degree when about 15 years ago I was arguing to
4 the court, please don't let them sue Donald Trump personally
5 here, please don't, don't, don't.

6 THE COURT: You didn't win that one, did you, Mr.
7 Campbell?

8 MR. CAMPBELL: I didn't win that argument. For the
9 same reason why I hope Ms. Glaser doesn't win this one. And
10 that is that the Supreme Court said, Mr. Campbell, did Mr.
11 Trump engage in a financial transaction here; and I had to
12 candidly admit yes, he did, he engaged in a sole, very limited
13 transaction in which he actually didn't do it, what he really
14 did was he guaranteed it.

15 THE COURT: I'm not worried about that transaction.

16 MR. CAMPBELL: He guaranteed it. So --

17 THE COURT: Doesn't matter to me.

18 MR. CAMPBELL: I mean, that's -- it mattered to me
19 at the time. Believe me, it mattered to Mr. Trump.

20 Irrespective of that, this is real money we're
21 talking about here. \$68 million is real money in anybody's
22 ledger. And one final point on this. This wasn't just one
23 transfer. These transfers took place over a period of three
24 years. By any definition I believe that constitutes
25 consistent ongoing behavior of a significant nature here in

1 Las Vegas, Nevada.

2 THE COURT: I'd call it pervasive.

3 MR. CAMPBELL: I call it pervasive.

4 Then I'm not even going to argue the last point.

5 The last point was even if you didn't believe all that, we

6 still get to take discovery. I'll sit down, Your Honor.

7 THE COURT: Okay.

8 MS. GLASER: May I be heard briefly?

9 THE COURT: You may. Aren't you glad you've got

10 your own board now?

11 MS. GLASER: I am. And it's sort of funny, but it's

12 sort of not, because this man, Mr. Jacobs, lied to the Court

13 and said money was couriered into this country. He lied to

14 the Court, and he's not telling the truth in a lot of other

15 respects, as well. This is not Sands China money, this is not

16 Las Vegas Sands money.

17 THE COURT: It's players' money.

18 MS. GLASER: It's players' money, correct.

19 THE COURT: Yes. I understand that.

20 MS. GLASER: But it's not couriered. It is

21 transferred for the convenience periodically, and it's --

22 every month it's reported honestly and forthrightly and has

23 nothing to other than facilitating somebody who wants to

24 gamble in Las Vegas and somebody who might want to gamble in

25 China. And let me say, Your Honor, that is something that is

1 done between subsidiaries and parents all the time. There's
2 nothing nefarious about it. There's nothing that -- and we
3 admit it. So -- and there's nothing improper about it. And,
4 most importantly, it doesn't provide a basis for jurisdiction.
5 Your Honor, said jokingly that it was -- or perhaps
6 not jokingly - that it was pervasive. We don't run away from
7 this. But this doesn't establish jurisdiction, and the
8 caselaw doesn't say it does, period.
9 THE COURT: But it's a good business practice,
10 right, for your marketing for both properties?
11 MS. GLASER: It is a good business practice. Not
12 marketing. Actually not. It doesn't have much to do with
13 marketing, honestly.
14 THE COURT: Okay.
15 MS. GLASER: But it is -- and it is a good,
16 honorable business practice, but it's certainly not couriering
17 cash --
18 THE COURT: Making your customers' lives easier.
19 MS. GLASER: -- as was suggested by --
20 THE COURT: Well, you're making your customers'
21 lives easier; right?
22 MS. GLASER: It does.
23 THE COURT: Isn't that the goal?
24 MS. GLASER: It is the goal.
25 Now, there is another wills, Your Honor. There's a

1 lie about how there are board meetings. And Mr. Campbell,
2 surprisingly, repeated it here. There has never been a board
3 of directors meeting in Las Vegas ever, in the state of Nevada
4 ever in connection with Sands China. Mr. Campbell knows it
5 and -- perhaps I can't blame him, but certainly his client
6 knows it. That's just not telling the truth to the Court.
7 THE COURT: So how many people would be here in Las
8 Vegas during a board meeting for Sands China?
9 MS. GLASER: Depends.
10 THE COURT: But they'd be participating in a board
11 meeting from there?
12 MS. GLASER: Telephonically.
13 THE COURT: Yes.
14 MS. GLASER: Because --
15 THE COURT: Or even by Web cam.
16 MS. GLASER: I'm sorry?
17 THE COURT: Or even by video conferencing.
18 MS. GLASER: They haven't done that yet, to my
19 knowledge.
20 THE COURT: You're saying telephone conference.
21 Okay.
22 MS. GLASER: For example, Mr. Adelson is -- happens
23 to be the chairman of the board of Sands China. Nobody
24 disputes that. I stipulate to that. Mr. Levin is now -- not
25 at the time Mr. Jacobs was employed -- the acting, the acting

1 CEO of Sands China. There are three independent directors who
2 have no prior affiliation with any Sands entity who are in the
3 Far East and only in the Far East, and they don't come here
4 ever. And they have three votes. The board is made up I
5 believe of eight people. There's no question, and we don't
6 dispute this, that Sands Las Vegas controls Sands China. But,
7 Your Honor, not one case was provided to Your Honor where
8 interaction between a 70 percent or 51 percent or 40 percent
9 subsidiary/parent -- there isn't one case that you have been
10 provided that says normal interaction facilitating, for
11 example, customers from one to the other, none of that, there
12 isn't one case that stands for the proposition therefore you
13 have jurisdiction in this court over Sands China.

14 The irony, I guess, of a lot of this, a lot of the
15 facts that were presented to Your Honor, the irony is,
16 frankly, Your Honor, that all of the things that have been
17 alleged, except for frankly their blatant lies, and I -- Mr.
18 Campbell I think just made a mistake. He said there was no
19 declaration on our side. Well, Ann Salt is not nothing, and
20 she is a significant player in Sands China. She's a counsel
21 over there, and she provided two, not one, not zero, two
22 declarations.

23 THE COURT: Well, one's attached to the reply, and
24 one's attached to the motion.

25 MS. GLASER: I'm sorry?

1 THE COURT: There are two affidavits or declarations
2 that are in different places; right?
3 MS. GLASER: In ours.
4 THE COURT: Yeah.
5 MS. GLASER: Absolutely.
6 THE COURT: I read them.
7 MS. GLASER: One was in the original paper, one was
8 in the reply paper.
9 THE COURT: I saw them.
10 MS. GLASER: Okay. The only comment I'm making is
11 it was represented to Your Honor that nothing refuted Mr.
12 Jacobs, and there was plenty to refute Mr. Jacobs's -- what we
13 believe to be many of the misrepresentations, complete
14 untruths, and some of them don't matter. And that's the point
15 I want to focus on.
16 Put aside the untruths. We dealt with all of the
17 untruths. Everything that wasn't refuted doesn't matter to
18 the jurisdictional issue of whether Sands China should be
19 before Your Honor in this court. The only -- and I sound like
20 a broken record, and I apologize to Your Honor. The only
21 document -- the only cause of action is the second cause of
22 action, and the only document that is before Your Honor giving
23 Mr. Jacobs options involving Sands China is a document that is
24 required for Your Honor to apply Hong Kong law, which is -- as
25 we have said to you before, is substantially different than

1 the law in this state. Thank you very much, Your Honor.

2 THE COURT: Thank you.

3 Here there are pervasive contacts with the state of
4 Nevada by activities done in Nevada by board members of Sands
5 China. Therefore, while Hong Kong law may indeed apply to
6 certain issues that are discussed during the progress of this
7 case, that does not control the jurisdictional issues here.

8 At some point in time I assume that we well have
9 experts in Hong Kong law provide information so that an
10 appropriate decision can be made on the stock option
11 agreement. So the motion's denied, and your request to join
12 in Mr. Peek's motion was denied when I denied his.

13 MS. GLASER: Understood.

14 THE COURT: Anything else?

15 MS. GLASER: Yes, Your Honor, I have one other --

16 MR. CAMPBELL: Just one housekeeping matter, Your
17 Honor. Could we -- could we form --

18 THE COURT: Well, I've got a couple things for you
19 if you want to --

20 MR. CAMPBELL: Yes, Your Honor. Your Honor, may we
21 form -- may we file -- I'm drying up -- Form 10-Q with the
22 Court --

23 THE COURT: No.

24 MR. CAMPBELL: -- as our Exhibit 24?

25 THE COURT: Not today. You can file a supplemental

1 briefly electronically.

2 MR. CAMPBELL: Okay. That's fine.

3 THE COURT: And I would also ask you to --

4 MR. CAMPBELL: Because we referred to it, that's

5 all.

6 THE COURT: -- print out your boards and file those

7 with your supplement so they are part of our record --

8 MR. CAMPBELL: Oh. I'd be happy to.

9 THE COURT: -- in case somebody decides to go to

10 Carson City.

11 MR. CAMPBELL: Your Honor, there's one -- a second

12 matter, and I was just going to ask -- maybe the Court's going

13 to already do that. And generally --

14 THE COURT: Are you on our April Fool's Day meeting?

15 MR. CAMPBELL: I'm going to try.

16 MS. GLASER: Your Honor, I had -- I wanted to

17 address that.

18 THE COURT: Well, it's on my list to check off

19 before you leave.

20 Mr. Campbell.

21 MR. CAMPBELL: With respect to generally they're

22 required to answer the complaint within 10 days after the time

23 that the order was entered. If they would like more time -- I

24 know that Ms. Glaser is from Los Angeles. She's probably

25 going to be currying back and forth. If she needs more time,

1 we're happy to give it to her.

2 MS. GLASER: That doesn't mean I'm dumber or slower,
3 Your Honor, just because I'm from Los Angeles.

4 MR. CAMPBELL: No, Your Honor. I did not mean to
5 suggest that. I think Ms. Glaser is a little too sensitive.
6 I was simply trying to extend her a professional courtesy.

7 THE COURT: All right. Wait. No. I'm going to
8 start this case off like we didn't start off the Palms case.

9 MR. CAMPBELL: I think that's probably something
10 unusual for her to experience coming from Los Angeles.

11 THE COURT: Okay. Remember in the Palms case how I
12 said we were going to behave ourselves?

13 MR. PEEK: I haven't said a word, Your Honor.

14 THE COURT: I waited two months to say that. I'm
15 just going to say it today. We're going to behave
16 appropriately and nicely and respectfully to each other at all
17 times.

18 Okay. So if you need an extension, Mr. Campbell
19 just told you he'd be happy to give you an extension, just let
20 him know.

21 MR. PEEK: Your Honor --

22 THE COURT: Do you have anything else before I go to
23 the other side, Mr. Campbell?

24 MR. CAMPBELL: No, Your Honor.

25 THE COURT: Mr. Peek.

1 MR. PEEK: Your Honor, just with respect to that
2 April 1st date, April Fool's Day, as the Court referred to
3 it --
4 THE COURT: That's what day it is.
5 MR. PEEK: Yeah. Given the fact that these were
6 denied, I think there's a whole lot more that we need to do to
7 try to get ready for that Business Court conference.
8 THE COURT: Well, then let me tell Ms. Glaser --
9 MR. PEEK: And I would really --
10 THE COURT: -- what we do with those so she can then
11 tell me, since she's not been here for those before --
12 MR. PEEK: Right.
13 THE COURT: -- how long she thinks.
14 Ms. Glaser, it's not a fun thing in Business Court,
15 but in Business Court one of the things I try and do is I find
16 ways to expedite getting the parties to a decision point,
17 where they have enough information to make good decisions
18 about resolving their case where they actually have control.
19 Frequently at those conferences I ask questions of the clients
20 who are present. In your case it may be general counsel or
21 somebody from the company who come and provide answers as to
22 document storage techniques, email availability, financial
23 information, so that I can try and get an early exchange of
24 information so that I can get you to a settlement conference
25 that will actually be productive where the business people

1 have a chance to make decisions instead of spending a lot of
2 money on lawyers and a lot of time in the courthouse, which
3 does not help them run their businesses. So those conferences
4 are not a -- very short -- they're usually a half hour or so
5 conference, and we try and do substantive things at that
6 conference. But I do require people from the company with
7 information in their head to be here. Sometimes people bring
8 more than one person. It's up to you guys. But, you know,
9 sometimes it's a scheduling issue. So that's why before you
10 left today and since you've not been here for one of those,
11 although other people from your firm have, that I wanted to
12 make sure you understood that you actually have to bring a
13 real person from the company.

14 MS. GLASER: May I address that?

15 THE COURT: Yes.

16 MS. GLASER: Two things. One, I am going to be out
17 of the country from March 29 to April 8, so I would very much
18 appreciate it --

19 THE COURT: So we're going to reschedule the
20 April 1st date.

21 MS. GLASER: That would be great. If we could do it
22 the third week of April, that would be great, Your Honor, if
23 that's satisfactory with Your Honor.

24 THE COURT: Is everybody free on April 15th? That's
25 the third Friday.

1 MR. PEEK: Your Honor, as the Court knows -- I don't
2 know what Clark County schools are like, but I know for my
3 children --

4 THE COURT: Our County schools are out April 15
5 through April 22.

6 MR. PEEK: Yeah. See, my children are out 11th
7 through the 15th. And that's -- this is --

8 THE COURT: So do you guys want to go to the 22nd?

9 MR. PEEK: This is, thankfully, Your Honor, my year
10 to have my children for spring break.

11 THE COURT: So is everybody --

12 MR. PEEK: So the next week would --

13 THE COURT: -- free on the 22nd of April?

14 MS. GLASER: That's fine with us, Your Honor.

15 MR. CAMPBELL: Court's indulgence for about
16 15 seconds.

17 THE COURT: I'm waiting. I'm waiting. Somebody
18 turn on your calendar.

19 MR. CAMPBELL: He's doing it, Your Honor.

20 MR. WILLIAMS: I had to turn my [inaudible] on, Your
21 Honor.

22 MR. PEEK: John has to give him permission to turn
23 on his --

24 THE COURT: John gave him permission.

25 MR. WILLIAMS: 22nd, Your Honor?

1 THE COURT: Yes.

2 MR. WILLIAMS: We're fine.

3 THE COURT: Okay. I'll see you the 22nd at
4 9:00 a.m. You --

5 MS. GLASER: Your Honor, may I ask a question?

6 THE COURT: Yes. But hold on a second.

7 You do not have to bring people with settlement
8 authority. When you read the order it will say, if you want
9 to discuss settlement you can. You don't have to. It would
10 be one of my things that I do at the end of the conference to
11 set you for a settlement conference, as well as give you a
12 discovery schedule and a trial date.

13 Now you had a question.

14 MS. GLASER: Just one. Your Honor -- and I'm -- is
15 it possible for, for example, Ms. Salt, who is the most
16 knowledgeable person about documents, et cetera, at Sands
17 China -- she's in Hong Kong and Macau. May she participate by
18 telephone?

19 THE COURT: No. But she can participate probably by
20 video conference.

21 MS. GLASER: No problem at all.

22 THE COURT: Mr. Campbell, any problem with that?

23 MR. CAMPBELL: Your Honor, I would have no problem
24 with that at all.

25 THE COURT: I just don't do telephone. It's really

1 hard to do the communication by telephone. By video
2 conference it's much easier. It's not that hard to do. Mr.
3 Peek's done it with people in Australia before.

4 MR. PEEK: And, Your Honor, because you know the
5 time difference is -- can we try to find -- I don't remember
6 exactly what the time differences are, but I know it might be
7 the middle of the night for Ms. Salt if we start at 9:00
8 o'clock in the morning.

9 THE COURT: Well, no. On the board meeting agenda
10 it was a 9:00 a.m./6:00 p.m. thing. Right? 9:00 a.m. in
11 Vegas is 6:00 p.m. there.

12 MS. GLASER: I think that is right.

13 THE COURT: I've got some people nodding at me that
14 I guessed right from looking at the agenda.

15 MS. GLASER: It's the other way. It's actually, --
16 when it's 6:00 p.m. -- because we've done conference calls.
17 When we did 6:00 p.m. here, it's 9:00 a.m. the next morning.

18 UNIDENTIFIED SPEAKER: 9:00 a.m. is midnight.

19 THE COURT: Well, I made Mr. Peek's guy do it at
20 3:00 in the morning.

21 MR. PEEK: She actually -- I remember that, Your
22 Honor..

23 THE COURT: I told him he could not wear his
24 pajamas, he had to put a suit on. And he came.

25 MS. GLASER: Your Honor, is it possible for us to

1 meet and confer with --
2 MR. PEEK: Your Honor, like at 4:00 o'clock in the
3 afternoon?
4 THE COURT: The problem I have is my trial schedule,
5 Mr. Peek. As you know, that is difficult.
6 MR. PEEK: 3:00 o'clock?
7 MS. GLASER: We'll do it as late as Your Honor --
8 THE COURT: Why don't you guys see if you can come
9 up with a time. I would prefer to do it around 1:00 o'clock
10 so I can have my trial come back a little later, if that's
11 possible.
12 MS. GLASER: I understand.
13 THE COURT: If that would work, the later I go in
14 the afternoon, the more disruptive it is to my trial.
15 MS. GLASER: Understood.
16 THE COURT: Okay. Anything else on your case today?
17 MR. PEEK: Just a moment, Your Honor.
18 (Pause in the proceedings)
19 THE COURT: 11:00 at night, Mr. Jones?
20 MR. JONES: No. 8:00 a.m. here.
21 MS. GLASER: He's saying 11:00 at night in Hong
22 Kong.
23 THE COURT: I don't do 8:00 very well, Mr. Jones.
24 You know that.
25 MR. JONES: Apologies, Your Honor.

1 MS. GLASER: I think we'll --
2 THE COURT: I do it sometimes, but not well.
3 (Pause in the proceedings)
4 MS. GLASER: Your Honor, 9:00 o'clock in the morning
5 is midnight there, and we'll do it.
6 THE COURT: All right.
7 MR. PEEK: I'm good, Your Honor. 9:00 o'clock.
8 THE COURT: Okay. Ms. Glaser, Mr. Peek and Mr.
9 Jones can probably tell you who to talk to here about
10 arranging the video conference so they have the right firewall
11 issues under control.
12 MS. GLASER: Thank you, Your Honor.
13 THE COURT: Okay.
14 MR. CAMPBELL: Thank you, Your Honor.
15 THE COURT: Have a nice day.
16 MR. PEEK: Thank you, Your Honor.
17 THE PROCEEDINGS CONCLUDED AT 12:15 A.M.
18 * * * * *
19
20
21
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24
25

CERTIFICATION

I CERTIFY THAT THE FOREGOING IS A CORRECT TRANSCRIPT FROM THE AUDIO-VISUAL RECORDING OF THE PROCEEDINGS IN THE ABOVE-ENTITLED MATTER.

AFFIRMATION

I AFFIRM THAT THIS TRANSCRIPT DOES NOT CONTAIN THE SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER OF ANY PERSON OR ENTITY.

FLORENCE HOYT
Las Vegas, Nevada 89146

Florence Hoyt

FLORENCE HOYT, TRANSCRIBER

3/17/11

DATE

Holland & Hart LLP
3800 Howard Hughes Parkway, Tenth Floor
Las Vegas, Nevada 89169
Phone: (702) 669-4600 • Fax: (702) 669-4650

1 ANAC

2 J. Stephen Peek, Esq.

3 Nevada Bar No. 1759

4 Justin C. Jones, Esq.

5 Nevada Bar No. 8519

6 HOLLAND & HART LLP

7 3800 Howard Hughes Parkway, 10th Floor

8 Las Vegas, Nevada 89169

9 (702) 669-4600

10 (702) 669-4650 – fax

11 speek@hollandhart.com

12 jcjones@hollandhart.com

13 *Attorneys for Defendant Las Vegas Sands Corp.*

14 **DISTRICT COURT**

15 **CLARK COUNTY, NEVADA**

16 STEVEN C. JACOBS,

17 Plaintiff,

18 v.

19 LAS VEGAS SANDS CORP., a Nevada
20 corporation; SANDS CHINA LTD., a Cayman
21 Islands corporation; SHELDON G. ADELSON,
22 in his individual and representative capacity;
23 DOES I-X; and ROE CORPORATIONS I-X,

24 Defendants.

CASE NO.: A627691-B

DEPT NO.: XI

Date: n/a

Time: n/a

**LAS VEGAS SANDS CORP.'S ANSWER
TO FIRST AMENDED COMPLAINT
AND COUNTERCLAIM**

25 Las Vegas Sands Corp. ("LVSC"), by and through its undersigned counsel, the law firm
26 of Holland & Hart LLP, hereby answers the First Amended Complaint of Plaintiff Steven C.
27 Jacobs:

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1. LVSC is without sufficient knowledge or information to form a belief as to the
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(Address)

By SA [Redacted]

To Be Returned ☐ Yes ☒ No

Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)
Federal Rules of Criminal Procedure

☐ Yes ☒ No

Federal Taxpayer Information (FTI)

☐ Yes ☒ No

Title: Las Vegas Sands
FCPA

Reference: EC dated 1/29/11;
(Communication Enclosing Material)

FOIA Confidential Treatment Requested

Description: ☐ Original notes re interview of

Documents provided by [Redacted]

Dates Stamped [Redacted]

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[redacted]
From: Lipton, Joseph [redacted]
Sent: Thursday, January 13, 2011 11:30 AM
To: [redacted]
Subject: [redacted]
Attachments: [redacted]

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[redacted] here are the documents that SEC subpoenaed from [redacted]. They were sent in several pdfs which include the following. I'm talking to the attorney for [redacted] later today to get a little more insight into the reports. I will let you know what he says.

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[redacted]
From: [redacted] [mailto:[redacted]]
Sent: Tuesday, January 11, 2011 8:29 PM
To: Lipton, Joseph
Subject: [redacted]

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Joey,

Pursuant to the access request by the U.S. Department of Justice, attached please find copies of documents [redacted] produced to us today by [redacted] in response to our subpoena. I'm going to send the documents in three separate emails since the production is pretty voluminous. Please let me know if you have any trouble getting the documents.

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Thanks very much.

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Holland & Hart LLP
3800 Howard Hughes Parkway, Tenth Floor
Las Vegas, Nevada 89169
Phone: (702) 669-4600 • Fax: (702) 669-4650

1 ANAC

2 J. Stephen Peek, Esq.

3 Nevada Bar No. 1759

4 Justin C. Jones, Esq.

5 Nevada Bar No. 8519

6 HOLLAND & HART LLP

7 3800 Howard Hughes Parkway, 10th Floor

8 Las Vegas, Nevada 89169

9 (702) 669-4600

10 (702) 669-4650 – fax

11 speek@hollandhart.com

12 jciones@hollandhart.com

13 *Attorneys for Defendant Las Vegas Sands Corp.*

14 **DISTRICT COURT**

15 **CLARK COUNTY, NEVADA**

16 STEVEN C. JACOBS,

17 Plaintiff,

18 v.

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21 Islands corporation; SHELDON G. ADELSON,
22 in his individual and representative capacity;
23 DOES I-X; and ROE CORPORATIONS I-X,

24 Defendants.

CASE NO.: A627691-B

DEPT NO.: XI

Date: n/a

Time: n/a

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TO FIRST AMENDED COMPLAINT
AND COUNTERCLAIM**

b6
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25 Las Vegas Sands Corp. ("LVSC"), by and through its undersigned counsel, the law firm
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3. LVSC admits that Sands China Ltd. ("Sands China") is a Cayman Islands
corporation and that Venetian Macau Limited is the holder of a subconcession granted by the

✓ 205-LV-42684-86

1 Macau government. LVSC denies the remaining allegations contained in Paragraph 3 of the
2 First Amended Complaint.

3 4. LVSC admits that Sheldon G. Adelson ("Adelson") is a citizen of Nevada, that
4 Adelson is the Chairman of the Board and Chief Executive Officer of LVSC, and that Adelson is
5 the Chairman of the Board of Sands China.

6 5. LVSC is without sufficient knowledge or information to form a belief as to the
7 truth of the allegations contained in Paragraph 5 of the First Amended Complaint, and on that
8 basis denies each and every allegation contained therein.

9 6. LVSC denies the allegations contained in Paragraph 6 of the First Amended
10 Complaint.

11 JURISDICTION AND VENUE

12 7. Concerning Paragraph 7 of the First Amended Complaint, LVSC admits that the
13 Court has personal jurisdiction over LVSC and Adelson. LVSC denies that the Court has
14 jurisdiction over Sands China Ltd.

15 8. Concerning Paragraph 8 of the First Amended Complaint, LVSC admits that
16 venue is proper in this Court with regards to LVSC and Adelson. LVSC denies that venue is
17 proper as to Sands China Ltd.

18 ALLEGATIONS COMMON TO ALL CLAIMS

19 9. LVSC admits that through its subsidiaries, it indirectly owns properties in Las
20 Vegas, Nevada, and Singapore and has an indirect majority ownership interest through its
21 subsidiaries in properties in Macau and Bethlehem, Pennsylvania. LVSC denies all remaining
22 allegations in Paragraph 9 of the First Amended Complaint.

23 10. LVSC admits that through its subsidiaries, its indirect ownership of properties in
24 Las Vegas includes The Palazzo Resort Hotel Casino, The Venetian Resort Hotel Casino, and the
25 Sands Expo and Convention Center. LVSC denies all remaining allegations contained in
26 Paragraph 10 of the First Amended Complaint.

27 11. LVSC admits the allegations contained in Paragraph 11 of the First Amended
28 Complaint.

- 1 12. LVSC denies the allegations contained in Paragraph 12 of the First Amended
- 2 Complaint.
- 3 13. LVSC denies the allegations contained in Paragraph 13 of the First Amended
- 4 Complaint.
- 5 14. LVSC denies the allegations contained in Paragraph 14 of the First Amended
- 6 Complaint.
- 7 15. LVSC denies the allegations contained in Paragraph 15 of the First Amended
- 8 Complaint.
- 9 16. LVSC denies the allegations contained in Paragraph 16 of the First Amended
- 10 Complaint.
- 11 17. LVSC denies the allegations contained in Paragraph 17 of the First Amended
- 12 Complaint.
- 13 18. LVSC denies the allegations contained in Paragraph 18 of the First Amended
- 14 Complaint.
- 15 19. LVSC denies the allegations contained in Paragraph 19 of the First Amended
- 16 Complaint.
- 17 20. LVSC denies the allegations contained in Paragraph 20 of the First Amended
- 18 Complaint.
- 19 21. LVSC denies the allegations contained in Paragraph 21 of the First Amended
- 20 Complaint.
- 21 22. LVSC denies the allegations contained in Paragraph 22 of the First Amended
- 22 Complaint.
- 23 23. LVSC denies the allegations contained in Paragraph 23 of the First Amended
- 24 Complaint.
- 25 24. LVSC denies the allegations contained in Paragraph 24 of the First Amended
- 26 Complaint.
- 27 25. LVSC denies the allegations contained in Paragraph 25 of the First Amended
- 28 Complaint.

1 26. LVSC denies the allegations contained in Paragraph 26 of the First Amended
2 Complaint.
3 27. LVSC denies the allegations contained in Paragraph 27 of the First Amended
4 Complaint.
5 28. LVSC denies the allegations contained in Paragraph 28 of the First Amended
6 Complaint.
7 29. LVSC denies the allegations contained in Paragraph 29 of the First Amended
8 Complaint.
9 30. LVSC denies the allegations contained in Paragraph 30 of the First Amended
10 Complaint.
11 31. LVSC denies the allegations contained in Paragraph 31 of the First Amended
12 Complaint.
13 32. LVSC denies the allegations contained in Paragraph 32 of the First Amended
14 Complaint.
15 33. LVSC denies the allegations contained in Paragraph 33 of the First Amended
16 Complaint.
17 34. LVSC denies the allegations contained in Paragraph 34 of the First Amended
18 Complaint.

19 **FIRST CAUSE OF ACTION**

20 **(Breach of Contract – LVSC)**

21 35. Concerning Paragraph 35 of the First Amended Complaint, LVSC repeats and re-
22 alleges its responses to the preceding paragraphs as if set forth fully herein.
23 36. LVSC denies the allegations contained in Paragraph 36 of the First Amended
24 Complaint.
25 37. LVSC denies the allegations contained in Paragraph 37 of the First Amended
26 Complaint.
27 38. LVSC denies the allegations contained in Paragraph 38 of the First Amended
28 Complaint.

1 39. LVSC denies the allegations contained in Paragraph 39 of the First Amended
2 Complaint.

3 40. LVSC denies the allegations contained in Paragraph 40 of the First Amended
4 Complaint.

5 41. LVSC denies the allegations contained in Paragraph 41 of the First Amended
6 Complaint.

7 42. LVSC denies the allegations contained in Paragraph 42 of the First Amended
8 Complaint.

9 **SECOND CAUSE OF ACTION**

10 **(Breach of Contract – LVSC and Sands China Ltd.)**

11 43. Concerning Paragraph 43 of the First Amended Complaint, LVSC repeats and re-
12 alleges its responses to the preceding paragraphs as if set forth fully herein.

13 44. LVSC denies the allegations contained in Paragraph 44 of the First Amended
14 Complaint.

15 45. LVSC denies the allegations contained in Paragraph 45 of the First Amended
16 Complaint.

17 46. LVSC denies the allegations contained in Paragraph 46 of the First Amended
18 Complaint.

19 47. LVSC denies the allegations contained in Paragraph 47 of the First Amended
20 Complaint.

21 48. LVSC denies the allegations contained in Paragraph 48 of the First Amended
22 Complaint.

23 **THIRD CAUSE OF ACTION**

24 **(Breach of the Implied Covenant of Good Faith and Fair Dealing – LVSC)**

25 49. Concerning Paragraph 49 of the First Amended Complaint, LVSC repeats and re-
26 alleges its responses to the preceding paragraphs as if set forth fully herein.

27 50. LVSC denies the allegations contained in Paragraph 50 of the First Amended
28 Complaint.

1 51. LVSC denies the allegations contained in Paragraph 51 of the First Amended
2 Complaint.

3 52. LVSC denies the allegations contained in Paragraph 52 of the First Amended
4 Complaint.

5 **FOURTH CAUSE OF ACTION**

6 **(Tortious Discharge in Violation of Public Policy – LVSC)**

7 53. Concerning Paragraph 53 of the First Amended Complaint, LVSC repeats and re-
8 alleges its responses to the preceding paragraphs as if set forth fully herein.

9 54. LVSC denies the allegations contained in Paragraph 54 of the First Amended
10 Complaint.

11 55. LVSC denies the allegations contained in Paragraph 55 of the First Amended
12 Complaint.

13 56. LVSC denies the allegations contained in Paragraph 56 of the First Amended
14 Complaint.

15 57. LVSC denies the allegations contained in Paragraph 57 of the First Amended
16 Complaint.

17 58. LVSC denies the allegations contained in Paragraph 58 of the First Amended
18 Complaint.

19 **FIFTH CAUSE OF ACTION**

20 **(Defamation Per Se – Adelson, LVSC, Sands China)**

21 Plaintiff's Fifth Cause of Action is the subject of a pending Motion to Dismiss.
22 Accordingly, LVSC does not answer the allegations in paragraphs 59 through 66 at this time.

23 **AFFIRMATIVE DEFENSES**

24 As a further and separate answer to Plaintiff's Complaint, and by way of affirmative
25 defenses, LVSC hereby alleges as follows:

26 **FIRST AFFIRMATIVE DEFENSE**

27 Plaintiff has failed to state a claim upon which relief may be granted.

28 ///

1 **SECOND AFFIRMATIVE DEFENSE**

2 Plaintiff's claims are barred by the doctrine of laches.

3 **THIRD AFFIRMATIVE DEFENSE**

4 Plaintiff's claims are barred by the doctrine of unclean hands.

5 **FOURTH AFFIRMATIVE DEFENSE**

6 Plaintiff's claims are barred by the doctrine of estoppel.

7 **FIFTH AFFIRMATIVE DEFENSE**

8 Plaintiff's claims are barred by the doctrine of waiver.

9 **SIXTH AFFIRMATIVE DEFENSE**

10 Plaintiff's claims are barred by the doctrine of election of remedies.

11 **SEVENTH AFFIRMATIVE DEFENSE**

12 Plaintiff's claims are barred by the doctrine of accord and satisfaction.

13 **EIGHTH AFFIRMATIVE DEFENSE**

14 Plaintiff's damages, if any, were caused by his own actions and not that of LVSC.

15 **NINTH AFFIRMATIVE DEFENSE**

16 At all times, LVSC acted in accordance with reasonable commercial standards, in good
17 faith, and with ordinary care, and LVSC's actions did not contribute to the alleged damages.

18 **TENTH AFFIRMATIVE DEFENSE**

19 Plaintiff has failed to do equity toward LVSC and, therefore, Plaintiff is not entitled to
20 any relief from Defendant LVSC.

21 **ELEVENTH AFFIRMATIVE DEFENSE**

22 Plaintiff failed to join an indispensable party to this matter.

23 **TWELFTH AFFIRMATIVE DEFENSE**

24 LVSC is not a party to the Term Sheet and, therefore, is not a proper party to Plaintiff's
25 breach of contract claim.

26 **THIRTEENTH AFFIRMATIVE DEFENSE**

27 LVSC was not Plaintiff's employer and therefore is not a proper party to Plaintiff's
28 tortious discharge claim.

FOURTEENTH AFFIRMATIVE DEFENSE

To the extent that Plaintiff was employed by LVSC, which LVSC denies, Plaintiff breached his contractual and fiduciary obligations and thereby relieved LVSC of any further obligations to Plaintiff.

FIFTEENTH AFFIRMATIVE DEFENSE

To the extent that Plaintiff was employed by LVSC, which LVSC denies, Plaintiff failed to allege a sufficiently important Nevada public policy to support a claim for tortious discharge.

SIXTEENTH AFFIRMATIVE DEFENSE

To the extent that Plaintiff was employed by LVSC, which LVSC denies, LVSC alleges that any actions taken concerning Plaintiff were done for legitimate, non-discriminatory and non-retaliatory business reasons.

SEVENTEENTH AFFIRMATIVE DEFENSE

Any recovery by Plaintiff must be set off or reduced, abated, or apportioned to the extent that any other party's actions caused or contributed to damages awarded to Plaintiff.

EIGHTEENTH AFFIRMATIVE DEFENSE

Plaintiff has suffered no damages.

NINETEENTH AFFIRMATIVE DEFENSE

Plaintiff has failed to mitigate his damages, if any, thereby reducing their recovery to reflect the amount by which their alleged damages could have been mitigated by the exercise of reasonable diligence.

TWENTIETH AFFIRMATIVE DEFENSE

The damages, if any, alleged to have been suffered by Plaintiff are subject to setoff.

TWENTY-FIRST AFFIRMATIVE DEFENSE

There is no basis for recovery of costs or attorney's fees by Plaintiff from LVSC.

Some of the foregoing affirmative defenses are pleaded for purposes of non-waiver under NRCP 8. Defendant reserves the right to add additional affirmative defenses as the bases for the same are revealed during discovery.

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COUNTERCLAIM

Las Vegas Sands Corp. ("LVSC"), by and through its undersigned counsel, the law firm of Holland & Hart LLP, as and for its Counterclaim, hereby complains, alleges and states as follows:

PARTIES

1. Counterclaimant LVSC is a Nevada corporation.
2. Counterdefendant Steven C. Jacobs ("Jacobs") is an individual who, upon information and belief, resides in the State of Georgia and/or Florida. Jacobs maintained a hotel room at the Venetian Macau Resort Hotel and worked in the Macau Special Administrative Region ("Macau") of the People's Republic of China ("China") and maintained a residence for himself and his family in the Hong Kong Special Administrative Region ("Hong Kong").

GENERAL ALLEGATIONS

3. LVSC's direct or indirect subsidiaries own and operate The Venetian Resort Hotel Casino, The Palazzo Resort Hotel Casino and The Sands Expo and Convention Center in Las Vegas, Nevada and the Marina Bay Sands in Singapore. LVSC has an indirect majority ownership interest through its subsidiaries in the Sands Macao, The Venetian Macao Resort Hotel ("The Venetian Macao"), the Four Seasons Hotel Macao, Cotai Strip™ ("Four Seasons Hotel Macao," which is managed by Four Seasons Hotels Inc.), and the Plaza Casino (together with the Four Seasons Hotel Macao, the "Four Seasons Macao") in Macau and the Sands Casino Resort Bethlehem in Bethlehem, Pennsylvania. LVSC's indirect majority-owned subsidiaries are also creating a master-planned development of integrated resort properties, anchored by The Venetian Macao, which LVSC refers to as the Cotai Strip™ in Macau.

Jacobs Is Hired to Perform Work for VML.

4. In or about May 2009, Jacobs was asked to perform consulting work for Venetian Macau Limited ("VML"), an indirect subsidiary of LVSC which is now a subsidiary of Sands China Ltd. ("Sands China").

5. In connection with this work, Jacobs executed an Agreement for Services with VML whereby he would address "senior management issues" relating to VML's "business of

1 developing, designing, constructing, equipping, staffing, owning and operating legalized
2 casino(s) in Macau SAR.”

3 6. The Agreement for Services states that “[t]he parties agree to the exclusive
4 jurisdiction of the courts of Macau (SAR) for any legal proceedings related to this Agreement”
5 and, further, that the “Agreement shall be governed by and interpreted in accordance with the
6 laws of Macau (SAR).”

7 7. LVSC is not a party to the Agreement for Services.

8 8. In June 2009, Jacobs executed an Appointment Agreement with VML whereby
9 the parties’ relationship would be “governed by and interpreted in accordance with Macau SAR
10 law, and the courts of Macau SAR shall have exclusive jurisdiction over any legal proceedings
11 related to this agreement.”

12 9. Pursuant to the Appointment Agreement, Jacobs was awarded a base salary, paid
13 monthly, equivalent to \$1,300,000.00 USD per annum, as well as company benefits.

14 10. Jacobs was paid his monthly salary and bonuses by VML and received benefits
15 from VML until his termination for cause.

16 ***Jacobs Is Named President and Chief Executive Officer of Sands China.***

17 11. On or about July 15, 2009, Sands China was incorporated as a limited liability
18 company in the Cayman Islands in preparation for listing on The Main Board of the Stock
19 Exchange of Hong Kong Limited (“SEHK”) in November 2009.

20 12. In July and August 2009, Jacobs negotiated certain employment terms, which
21 were set out in a term sheet. The term sheet was used in preparing a draft of an employment
22 agreement between Jacobs and VML, but that document was never finalized or executed.

23 13. In November 2009, LVSC’s indirect majority-owned subsidiary, Sands China, the
24 direct or indirect owner and operator of Sands Macao, The Venetian Macao, Four Seasons
25 Macao and ferry operations, and developer of the remaining Cotai Strip integrated resorts,
26 completed an initial public offering of its ordinary shares (the “Sands China Offering”) on the
27 SEHK.

28 ///

1 14. Immediately following the Sands China Offering and several transactions
2 consummated in connection with such offering, LVSC indirectly owned 70.3% of the issued and
3 outstanding ordinary shares of Sands China.

4 15. Jacobs was appointed President – Macau and Chief Executive Officer of Sands
5 China.

6 16. LVSC also identified Jacobs as an executive of LVSC in reports filed with the
7 Securities and Exchange Commission (“SEC”), as required by the SEC, because Jacobs was a
8 senior executive of a significant indirect subsidiary of LVSC, namely Sands China.

9 ***Jacobs Fails to Perform Duties Consistent With His Obligations as an Executive of LVSC and***
10 ***Sands China.***

11 17. While Jacobs initially appeared to be fulfilling his duties to Sands China, it later
12 became clear that Jacobs was violating his obligations not only to Sands China but also to LVSC
13 as the majority shareholder of Sands China.

14 **Jacobs Violates the Non-Competition Deed.**

15 18. In connection with the reorganization of LVSC’s indirect subsidiaries operating in
16 Macau, LVSC and Sands China entered into a Deed of Non-Compete Undertakings (“Non-
17 Competition Deed”).

18 19. Pursuant to the Non-Competition Deed, Sands China was prohibited from holding
19 an interest in or otherwise being involved or participating in any casino gaming business outside
20 of a “Restricted Zone” which included the People’s Republic of China, Macau, Hong Kong and
21 Taiwan.

22 20. Notwithstanding the plain language of the Non-Competition Deed, which Jacobs
23 had signed on behalf of Sands China, Jacobs publicly announced that Sands China would be
24 pursuing casino gaming business operations in areas outside of the Restricted Zone, including,
25 but not limited to, Japan.

26 21. As LVSC has previously announced its intention to pursue a development in
27 Japan, the Chairman of LVSC had no option but to make a public statement to correct Jacobs’
28 statement and reassure investors that any such development would be carried out by LVSC.

Jacobs Endangers LVSC's and Sands China's Relationship with the Governments of Macau and China.

22. Jacobs also placed at risk LVSC's and Sands China's relationship with the governments of the People's Republic of China and Macau.

23. Jacobs commissioned a detailed investigative report by consultant International Risk regarding Macau public officials.

24. Jacobs did not seek authorization from the Board of Sands China or from Sheldon Adelson ("Adelson"), the Chairman and Chief Executive Officer of LVSC and Chairman of Sands China, prior to commissioning the report.

25. Upon completion of the report, Jacobs met secretly with the investigator from International Risk and was issued a watermarked copy of the report not with the name of LVSC or Sands China, but rather with Jacobs' name imprinted.

26. Jacobs thereafter reportedly kept the investigative report in his personal residence and did not advise LVSC or the Chairman or Board of Sands China of the report's existence.

Jacobs Delays Terminating the Contracts Between Cheung Chi Tai and VML.

27. Allegations about Cheung Chi Tai ("CCT") were the subject of press articles that were initially published in the first quarter of 2010.

28. In the publication of the initial article, the Nevada State Gaming Control Board was quoted as announcing that it would conduct an examination of the relationship of Nevada licensees with CCT.

29. In response, LVSC conducted due diligence and discovered that CCT was a party, as a guarantor, with two junket credit guarantor agreements between two junkets and VML ("CCT Agreements") and engaged an independent investigatory agency to conduct a background examination of CCT.

30. Once the background report on CCT ("CCT Report") was obtained and presented to Michael Leven ("Leven"), President and Chief Operating Officer of LVSC and an LVSC board member. Leven agreed with the recommendation that the CCT Agreements be terminated

1 and requested that his views be communicated to Jacobs, that the results of the background
2 report be discussed with Jacobs and that Jacobs be instructed to terminate the CCT Agreements.

3 31. Adelson concurred with the recommendations of Leven.

4 32. Although Jacobs has asserted that he objected to the relationship with CCT,
5 Jacobs knows that that allegation is false, designed to injure the Defendants, and that the
6 opposite is true.

7 33. Although the results of the CCT Report were shared with Jacobs on a
8 contemporaneous basis and Jacobs was provided with an oral summary of the results of the CCT
9 Report and with a copy of the CCT Report, Jacobs delayed in terminating the CCT Agreements
10 and acted as an impediment to the prompt termination of the CCT Agreements.

11 34. On June 22, 2010, when Jacobs was in Singapore in connection with the opening
12 celebrations of the Marina Bay Sands, Jacobs explained and defended his reasons for the delay in
13 terminating the CCT Agreements.

14 35. Jacobs claimed that the revenue associated with those junkets was substantial and
15 that he owed the shareholders of Sands China a fiduciary duty the performance of which would
16 be placed in question if the CCT Agreements were terminated.

17 36. In fact, Jacobs then and there knew from the CCT Report, including records
18 reviewed with him orally and that were part of the CCT Report, that no principled understanding
19 of fiduciary duty required the continuation of the CCT Agreements.

20 37. Despite that knowledge, Jacobs again failed to commit to terminating the CCT
21 Agreements.

22 38. After the conversation with Jacobs on June 22, 2010 in Singapore, Jacobs left for
23 a meeting with Adelson and Leven among others.

24 39. After the meeting with Adelson and Leven, Jacobs promised to terminate the CCT
25 Agreements within one week.

26 40. Thereafter, the CCT Agreements were terminated.

27 ///

28 ///

Jacobs' Employment Is Terminated by Sands China and VML for Cause and Jacobs Initiates His Extortion Scheme.

41. On or about July 23, 2010, the Board of Directors of Sands China voted to remove Jacobs as President and Chief Executive Officer of Sands China.

42. On July 23, 2010, Jacobs' employment with VML and Sands China was terminated for cause because, among other things, he had repeatedly exceeded his authority, defied and disregarded instructions, and engaged in several improper acts and omissions, including but not limited to those identified above.

43. Jacobs reacted to the news of his termination by disparaging Adelson, the Chairman and Chief Executive Officer of LVSC and Chairman of Sands China, claiming Adelson had: (1) bribed, or attempted to bribe, the Chief Executive of Macau; and (2) instructed subordinates to gather damaging information about public officials for Sands China to improperly use to its advantage.

44. Jacobs made these false and defamatory statements about Adelson to Leven and Irwin Siegel ("Siegel"), a board member of both LVSC and Sands China.

45. Jacobs knew his statements were false when he made them, Jacobs acted recklessly with respect to the falsity of his statements, and Jacobs acted with malice, including a specific intent to harm Adelson, LVSC and Sands China in furtherance of his scheme to extort money to which he was not entitled.

46. After Leven and Siegel refused to concede to Jacobs' attempted extortion, Jacobs threatened to publicly disclose the aforementioned false and defamatory accusations against Adelson, and other alleged wrongdoing involving Sands China and Adelson, unless he was paid money to which he was not entitled.

47. Jacobs knew his statements were false when he made them, and specifically intended to use the defamatory statements as the basis to extort money by threatening public disclosure unless he was paid a substantial sum.

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Jacobs Files a Wrongful Suit Against LVSC in Furtherance of His Scheme.

48. Jacobs, through his conduct, has made clear that he will stop at nothing to publicly disparage Adelson, LVSC and Sands China until he obtains an exorbitant and unwarranted payment.

49. After failing in his attempt to extort money with threats of public disclosure at the time of his termination, Jacobs retrenched and devised a new strategy of filing this vindictive lawsuit. The goal of his lawsuit is the same as Jacobs' initial extortion scheme – an undeserved payment. The only difference is the method of coercion.

50. Despite the fact that Jacobs (1) worked in Macau for VML and Sands China, (2) received his salary and benefits from VML, a Macau company, and (3) executed employment agreements with forum selection clauses mandating that actions be brought in Macau, Jacobs named LVSC as a defendant to improperly gain jurisdictional grounds in Nevada and to bring additional pressure upon LVSC to concede to his preposterous, extortionist demands.

51. Failing an advantageous settlement, Jacobs intends for his Nevada case to be the vehicle to continue his defamatory and malicious crusade against LVSC and Adelson.

52. In this regard, Jacobs willfully and improperly filed suit against LVSC for ulterior purposes, other than resolving a legal dispute.

FIRST CLAIM FOR RELIEF

(Abuse of Process)

53. LVSC repeats and realleges each and every allegation contained in the preceding paragraphs as though set forth fully herein.

54. Jacobs caused process to issue, served process, and filed motions with the court against LVSC, despite having no employment relationship with LVSC, to improperly gain jurisdictional grounds in Nevada.

55. Jacobs willfully engaged in this wrongful conduct for the ulterior and improper purposes of obtaining improper jurisdiction to litigate his frivolous case in the United States rather than Macau, the specified venue under the Agreement for Services and Appointment Agreement for resolution of such disputes.

1 56. Jacobs further filed this action for the improper purpose of attempting to leverage
2 an unwarranted pay off.

3 57. Knowing that a suit in Nevada would provide him with more publicity and a
4 larger forum than a suit in Macau, Jacobs willfully engaged in this wrongful conduct for the
5 ulterior and improper purpose of obtaining a better defamation vehicle to disparage Adelson and
6 damage LVSC.

7 58. Jacobs' actions are malicious, fraudulent, and oppressive conduct in disregard of
8 the rights of LVSC.

9 59. Jacobs has caused and will cause damages in excess of \$10,000.00.

10 60. LVSC has been required to retain the services of an attorney and is entitled to
11 reasonable costs and attorneys' fees incurred herein.

12 **SECOND CLAIM FOR RELIEF**

13 **(Business Defamation/Disparagement)**

14 61. LVSC repeats and realleges each and every allegation contained in the preceding
15 paragraphs as though set forth fully herein.

16 62. As set forth above, Jacobs made numerous false, defamatory, and disparaging
17 statements about Adelson, including, but not limited to, that Adelson (1) bribed, or attempted to
18 bribe, the Chief Executive of Macau; and (2) instructed subordinates to gather damaging
19 information about public officials for Sands China to improperly use to its advantage.

20 63. Jacobs' statements about Adelson were unprivileged false and defamatory, and
21 Jacobs knew them to be false.

22 64. Jacobs knew that Adelson was the Chairman and Chief Executive Officer of
23 LVSC and that his false and defamatory statements would be imputed to LVSC.

24 65. Jacobs knowingly and intentionally made the false, defamatory, and disparaging
25 statements about Adelson in furtherance of his scheme to extort a settlement from LVSC,
26 regardless of the fact that Jacobs did not work for LVSC.

27 66. Jacobs directed the false, injurious statements about Adelson and LVSC's
28 reputation, business, goodwill and services intending to harm LVSC, and tending to injure LVSC

1 in its business, reputation, and profession and tending to impute that LVSC has a lack of fitness
2 for its trade, business, or profession.

3 67. Jacobs has caused and will cause damages to LVSC in excess of \$10,000.00,
4 including damage to its business, services, reputation, and goodwill.

5 68. LVSC has been required to retain the services of an attorney and is entitled to
6 reasonable costs and attorneys' fees incurred herein.

7 **THIRD CLAIM FOR RELIEF**

8 **(Intentional Interference With Prospective Economic Advantage)**

9 69. LVSC repeats and realleges each and every allegation contained in the preceding
10 paragraphs as though set forth fully herein.

11 70. Jacobs was aware that Sands China was expressly prohibited from pursuing any
12 casino gaming business in areas outside of the Restricted Zone as he was a signatory to the Non-
13 Competition Deed.

14 71. Notwithstanding the plain language of the Non-Competition Deed, which Jacobs
15 himself had signed, Jacobs publicly announced that Sands China would be pursuing casino
16 gaming business operations in areas outside of the Restricted Zone, including, but not limited to,
17 Japan, thereby intentionally injuring LVSC's prospective business relationship with necessary
18 third-parties in development of the Japanese market.

19 72. Jacobs engaged in intentional acts intended and designed to disrupt the
20 prospective business relationship by wrongfully accusing LVSC and its officers of engaging in
21 criminal and improper activity.

22 73. Jacobs has caused and will cause damages in excess of \$10,000.00, including
23 damage to its business, services, reputation, and goodwill.

24 74. LVSC has been required to retain the services of an attorney and is entitled to
25 reasonable costs and attorneys' fees incurred herein.

26 ///

27 ///

28 ///

FOURTH CLAIM FOR RELIEF

(Civil Extortion)

75. LVSC repeats and realleges each and every allegation contained in the preceding paragraphs as though set forth fully herein.

76. In an effort to coerce LVSC to pay him money that he did not deserve and to which he was not entitled, Jacobs threatened to publicly disclose his false and defamatory accusations about Adelson. Jacobs demanded that LVSC pay him money, which he was not entitled to, in order to prevent the public disclosure.

77. Upon information and belief, Jacobs knew his accusations against Adelson were false, and Jacobs intended to wrongfully coerce LVSC to pay Jacobs millions of dollars, even though Jacobs knew that he was not legally or contractually entitled to the money, in order to prevent Jacobs' threatened public disclosure.

78. Jacobs has caused and will cause damages in excess of \$10,000.00, including damage to its business, services, reputation, and goodwill.

79. LVSC has been required to retain the services of an attorney and is entitled to reasonable costs and attorneys' fees incurred herein.

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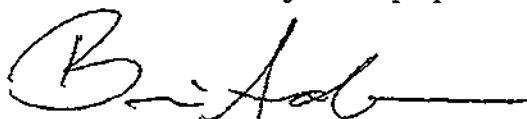
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PRAYER FOR RELIEF

WHEREFORE, LVSC prays for judgment against Jacobs as follows:

1. For compensatory damages according to proof at trial, plus interest thereon at the maximum legal rate;
2. For punitive damages;
3. For attorneys' fees and costs; and,
4. For such other and further relief as the Court deems just and proper.

DATED April 20, 2011.



J. Stephen Peek, Esq.
Justin C. Jones, Esq.
Holland & Hart LLP
3800 Howard Hughes Parkway, 10th Floor
Las Vegas, Nevada 89169

Attorneys for Defendant Las Vegas Sands Corp.

Holland & Hart LLP
3800 Howard Hughes Parkway, Tenth Floor
Las Vegas, Nevada 89169
Phone: (702) 669-4600 • Fax: (702) 669-4650

CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b), I certify that on April 20, 2011, I served a true and correct copy of the foregoing **LAS VEGAS SANDS CORP.'S ANSWER TO FIRST AMENDED COMPLAINT AND COUNTERCLAIM** via e-mail and by depositing same in the United States mail, first class postage fully prepaid to the persons and addresses listed below:

Donald J. Campbell, Esq.
J. Colby Williams, Esq.
Campbell & Williams
700 S. 7th Street
Las Vegas, Nevada 89101
382-5222
382-0540 – fax
djc@campbellandwilliams.com
jcw@campbellandwilliams.com

Attorneys for Plaintiff

Steve Morris, Esq.
Morris Peterson
300 S. 4th Street, Suite 900
Las Vegas, Nevada 89101
474-9400
474-9422 – fax
sm@morrislawgroup.com

Attorney for Defendants Sheldon G. Adelson

Mark G. Krum, Esq.
Andrew D. Sedlock, Esq.
Glaser, Weil, et., al.
3763 Howard Hughes Parkway, Suite 300
Las Vegas, Nevada 89169
650-7900
650-7950 – fax
mkrum@glawerweil.com
asedlock@glaserweil.com

Attorneys for Defendant Sands China Ltd.


An Employee of Holland & Hart LLP


Holland & Hart LLP
3800 Howard Hughes Parkway, Tenth Floor
Las Vegas, Nevada 89169
Phone: (702) 669-4600 • Fax: (702) 669-4650

[REDACTED]

From: [REDACTED]
Sent: Wednesday, April 20, 2011 6:12 PM
To: [REDACTED]
Subject: LV Sands [REDACTED] - LV Sands' Answer to First Amended Complaint and Counterclaim
Attachments: Las Vegas Ikon - 04-20-11 - MQ3J5AF.pdf; image001.gif

Please see attached LV Sands' Answer to First Amended Complaint and Counterclaim. A copy to follow by mail.

[REDACTED]
Legal Assistant to [REDACTED]
[REDACTED] and [REDACTED]
Holland & Hart LLP
3800 Howard Hughes Parkway, 10th Floor
Las Vegas, Nevada 89169
(702) 669-4600 - Main
[REDACTED] - Direct
(702) 669-4650 - Fax
[REDACTED]

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Las Vegas Sands steps up counterattack against former executive

The litigation between Las Vegas Sands Corp. and its fired China CEO Steven Jacobs is heating up again, with Sands filing a counterclaim accusing Jacobs of extortion and of being slow to sever ties between Sands' Macau casinos and an organized crime figure.

The dismissal of Jacobs as CEO of Sands' subsidiary Sands China Ltd. on July 23 was followed by Jacobs suing Las Vegas Sands in Clark County District Court in Las Vegas on Oct. 20, charging the company failed to pay him one year of severance pay and refused to allow him to exercise stock options he had been awarded because Sands says it fired him for cause.

Jacobs claimed that instead of being fired for cause, he was fired for refusing to go along with demands by Sands Chairman and CEO Sheldon Adelson that he engage in improper and illegal conduct in Macau, the world's largest casino market where Las Vegas Sands generated net revenue of \$1.09 billion in the fourth quarter of 2010.

Allegations in his lawsuit are believed to have prompted investigations of Las Vegas Sands and Sands China Ltd. – including Las Vegas Sands' compliance with an anti-bribery law – by the U.S. Securities and Exchange Commission and the U.S. Justice Department as well as the Hong Kong Securities and Futures Commission.

Las Vegas Sands has denied Jacobs' allegations and has said Jacobs was fired for working on unauthorized deals and violations of company policy.

Las Vegas Sands and Sands China sustained a setback March 15 when a state judge refused to dismiss Jacobs' lawsuit, but Las Vegas Sands and Sands China filed new court papers last week expanding on their denials of Jacobs' allegations.

Among these filings was the first counterclaim against Jacobs, detailing for the first time the alleged misconduct that led to Jacobs' firing.

Las Vegas Sands' counterclaim alleges Jacobs violated a noncompetition agreement Sands China had entered into with its parent Las Vegas Sands in which Sands China was prohibited from involvement in any gaming business outside of a "Restricted Zone" that included the People's Republic of China, Macau, Hong Kong and Taiwan. He allegedly violated this agreement by publicly announcing Sands China would be pursuing casino businesses outside of the restricted zone in Japan and elsewhere.

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✓ 209-LV-42684-87

"As Las Vegas Sands Corp. had previously announced its intention to pursue a development in Japan, the chairman of Las Vegas Sands had no option but to make a public statement to correct Jacobs' statement and reassure investors that any such development would be carried out by Las Vegas Sands," the counterclaim says.

The disclosure by Jacobs that Sands China was interested in Japan injured "Las Vegas Sands' prospective business relationship with necessary third parties in development of the Japanese market," the counterclaim says.

"Jacobs engaged in intentional acts intended and designed to disrupt the prospective business relationship by wrongfully accusing Las Vegas Sands Corp. and its officers of engaging in criminal and improper activity," the counterclaim says.

The counterclaim also alleges Jacobs endangered the relationships Las Vegas Sands and Sands China had with the governments of China and Macau – an administrative region in China -- when he commissioned a detailed investigative report regarding Macau public officials by consulting firm International Risk Ltd.

The counterclaim says Jacobs did not seek authorization from the board of Sands China or from Adelson prior to commissioning the report, that he met secretly with an International Risk investigator and that upon receipt of the report he kept it at his home and did not advise Las Vegas Sands or Sands China board members of the report's existence.

The counterclaim also alleges that Jacobs refused to immediately terminate gambling junket contracts involving organized crime figure Cheung Chi Tai, aka Cheung Chi-tai (CCT), identified as a triad member and junket operator by Reuters last year, even when told to do so by Sands President Michael Leven with the backing of Adelson.

The counterclaim says that after CCT's involvement with Las Vegas Sands was publicized in news reports, and Nevada gaming regulators started to look into the reports, Las Vegas Sands ordered its own investigation of CCT and because of that probe the decision was made to sever ties with him.

"Las Vegas Sands conducted due diligence and discovered that CCT was a party, as a guarantor, with two junket credit guarantor agreements between two junkets and Venetian Macau Ltd. (a Sands China subsidiary)," the counterclaim says.

"Although Jacobs has asserted that he objected to the relationship with CCT, Jacobs knows that the allegation is false, is designed to injure the defendants (Sands & Sands China) and that the opposite is true," the counterclaim says.

"Jacobs delayed in terminating the CCT agreements and acted as an impediment to the prompt termination of the CCT agreements," the counterclaim says.

"Jacobs claimed (in June 2010) that the revenue associated with those junkets was substantial and that he owed the shareholders of Sands China a fiduciary duty, the performance of which would be placed in question if the CCT agreements were terminated," the counterclaim says.

Arrangements with CCT eventually were terminated, the counterclaim says.

The counterclaim says that after Jacobs was fired, he disparaged Adelson in conversations with Leven and Sands board member Irwin Siegel by claiming Adelson had bribed or attempted to bribe the CEO of

Macau and instructed subordinates to gather damaging information about public officials for Sands China to improperly use to its advantage.

The counterclaim says Jacobs threatened to go public with these allegations unless "he was paid money to which he was not entitled."

The counterclaim says Jacobs knew these statements were false and that they were made recklessly and with malice "in furtherance of his scheme to extort money to which he was not entitled."

"Failing an advantageous settlement, Jacobs intends for his Nevada case to be the vehicle to continue his defamatory and malicious crusade against Las Vegas Sands and Adelson," says the counterclaim, which asserts legal claims of abuse of process, business defamation & disparagement, intentional interference with prospective economic advantage and civil extortion.

Separately, Las Vegas Sands filed a motion to dismiss Jacobs' claim of defamation against Las Vegas Sands and Adelson personally. That claim was added to Jacobs' lawsuit after Adelson told the Wall Street Journal on March 15: "We have a substantial list of reasons why Steve Jacobs was fired for cause and interestingly he has not refuted a single one of them. Instead, he has attempted to explain his termination by using outright lies and fabrications which seem to have their origins in delusion."

The defamation claim charged Jacobs was defamed when Adelson said he was fired "for cause" and that Jacobs had resorted to "outright lies and fabrications."

In seeking dismissal of the defamation count from Jacobs' lawsuit, attorneys for Las Vegas Sands and Adelson wrote in a motion last week that Adelson's statements were unconditionally privileged (not subject to a lawsuit) by the litigation privilege concept in Nevada law.

"The statements allegedly made by Adelson simply reiterate and reply to statements made in the course of this lawsuit" the motion to dismiss says.

Adelson's statement simply reiterated statements by Jacobs in his lawsuit that Sands claims Jacobs was fired for cause; and reiterated a statement by a Sands China attorney in court on March 15 that Jacobs had lied to the court, the filing said.

Jacobs' attorneys have not yet responded to the counterclaim or that the motion that his defamation claim be dismissed.

With no settlement in sight, attorneys for both sides filed a status report with the court indicating they're proceeding toward a June 2012 trial on Jacobs' lawsuit.

Also, attorneys on Friday filed at least the third shareholder lawsuit against Adelson and the other Las Vegas Sands directors over the fallout from Jacobs' allegations, charging the revelations in Jacobs' lawsuit had harmed the company and have shown the board didn't properly supervise the company's conduct in China.

The complaint was filed in federal court in Las Vegas on behalf of shareholder John Zarembo and like two previous suits filed in the same court since April 1, it is a "derivative" suit seeking to force Las Vegas Sands to sue its own directors to recover damages allegedly sustained by the company.

The latest shareholder suit was filed by Reno attorney Patrick Leverty and attorneys with the San Diego law firm Robbins Umeda LLP.

"As reflected in the company's over \$4.4 billion decline in market capitalization from a share price high on Nov. 8, 2010; to when the company revealed it was subject to SEC and DOJ investigation on March 1, Las Vegas Sands has been, and will continue to be, severely damaged and injured by the individual defendants' misconduct," the new lawsuit alleges.

Las Vegas Sands and its directors have not yet responded to these three derivative lawsuits.

Those suits are in addition to two shareholder suits from 2010 pending in Las Vegas federal court asserting different claims.

In those cases, disgruntled investors are seeking to recover damages over a decline in the price of Las Vegas Sands stock from \$144 in 2007 to less than \$2 per share in early 2009. The stock fell during that period as the recession hit the worldwide gaming industry and Las Vegas Sands faced liquidity problems related to its massive expansion in Asia.

That stock has since rebounded somewhat – to about \$46 -- as the company has improved its balance sheet and is reporting booming revenue from its casinos in China and Singapore.

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 04/26/2011

To: Las Vegas

From: Las Vegas

Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Summary of conference call between the government and attorneys for the Las Vegas Sands.

Details: On 04/26/2011, DOJ Trial Attorney Daniel Braun informed writer of the details of a 04/15/2011 conference call between DOJ, the SEC and attorneys for the Las Vegas Sands.

The attorneys said they were making significant progress on gathering the items noted in the SEC subpoena in Las Vegas, but was not having as much success in gathering the necessary items in Macau. Much of the Macau delays came in the Sands difficulties in finding conflict-free local representation. The attorneys also said they are concerned about violating a confidentiality law in Macau when they produce the requested documents. However, the attorneys said they are working through this issue, and do not anticipate it to be a problem at this juncture. Production of items from the Sands in Las Vegas should start taking place in the next week or two, with items from the Sands in Macau about two weeks behind that.

Braun said there is also an unresolved issue with the Sands attorneys involving attorney-client privilege on matters that they advise the government of. Braun said DOJ is working through this issue with the Sands attorneys.

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205-LV-42684-88

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To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 04/26/2011

The next status call with the Sands attorneys has been scheduled for Monday, 05/09/2011, at 1:00 p.m. Pacific time.

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 04/13/2011

To: Las Vegas

Attn: SA [REDACTED]

From: Las Vegas

Squad 15

Contact: IA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)- 89
[REDACTED] (Pending)- 60

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT;
SENSITIVE INVESTIGATIVE MATTER

FIELD INTELLIGENCE GROUP (FIG);
INTELLIGENCE ANALYSIS/PRODUCTION - CRIMINAL;
INTELLIGENCE PRODUCTION - PUBLIC CORRUPTION

Synopsis: (U) To place into the file intelligence located in open source materials on the former Macau [REDACTED]

[REDACTED] involving his corruption trial and the identities of the individuals who were involved in the bribes to [REDACTED]. The writer states that this communication is not a comprehensive account of the corruption trial or the individuals.

Details: (U) [REDACTED] aka [REDACTED], who was the [REDACTED] of Macau from December

1999 to December 8, 2006, when he was arrested for corruption crimes. [REDACTED] was the highest-ranking official arrested on corruption charges in Macau history so his trial was argued before a three-justice panel in the Court of Final Appeal, the highest court in Macau. This trial was the largest trial in Macau's history. [REDACTED] case was conducted by the Macau Commission Against Corruption and he was charged with 76 criminal offenses ranging from bribery to money laundering and abuse of power. This case involved 30 individuals including 4 family members of [REDACTED]. The bribes involved rushing the approval of casino developments including Venetian Macau and Galaxy StarWorld, as well as kickbacks from construction companies for

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To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 04/13/2011

granting the development contracts. Authorities found that [redacted] had allegedly offered favors to 41 projects. Authorities charged that [redacted] had taken his share of three to ten percent on these projects. The Macau Commission Against Corruption only answers to [redacted] not the legislators.

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(U) In December 2006, Macau [redacted] aka [redacted] asked the government to officially relieve [redacted] of his duties citing "irrefutable evidence" of improper behavior. [redacted] is no longer the [redacted] but Macau's government does provide an office, staff, a car with a driver and personal protection to him. [redacted] a Macau legislator called for a full investigation stating that there had been just one piece of land sold at auction during the time that [redacted] was in office, while a total of 100 land grants had been made to property developers in the same time period. Another legislator, [redacted] cast doubt on whether the government could solve the corruption problem in Macau because of the serious overspending by officials on government construction projects but the officials have failed to explain the reasons.

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(U) Investigators searched [redacted] home and found several bottles of wine dating back more than a century, jewelry, and cigars. Other assets that [redacted] had were watches, a 300 bottle wine cellar, and expensive delicacies like abalone and shark's fin. A total of \$13 million was seized. [redacted] assets totaled \$100 million which is 57 times the salaries that [redacted] and his wife earned in seven years in their public posts. [redacted] had money in bank accounts in London, Hong Kong, and Macau, along with luxury homes.

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(U) In the original trial, [redacted] is charged with four of his family members and three businessman. The family members were [redacted] father [redacted] brother [redacted] sister-in-law [redacted] and his wife [redacted] Businessman [redacted] also was in court. Businessman [redacted] and [redacted] were absent along with [redacted] wife was believed to be in the United Kingdom while [redacted] had jumped bail but had issued a statement explaining his absence. The lawyer for San Meng-Fai Engineering and Construction owner [redacted] asked the court to read the statements of his client. [redacted] told the court in his statements that [redacted] told him he could recommend [redacted] to foreign investors if [redacted] was willing to pay two to three percent of the winning tenders as kickbacks to [redacted] said between 2004 to 2006 he paid kickbacks to [redacted] but only for

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To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 04/13/2011

private projects. [redacted] allegedly set up overseas bank accounts and shell companies for [redacted] to handle kickbacks. The three family members pled not guilty because [redacted] had opened bank accounts for them. [redacted] brother [redacted] and his wife stated that they believed [redacted] was only helping them to set up a bank account for their son in the United Kingdom for his future studies. [redacted] (father) thought [redacted] needed him to hide money from [redacted] wife. [redacted] did think it was strange that [redacted] had taken him to so many banks but dared not ask why. [redacted] stated that his son didn't like people asking him questions and if [redacted] trusted [redacted] than he had no reason not to.

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(U) [redacted] was found guilty on 40 counts of bribery and 13 counts of money laundering out of the 76 charges on January 30, 2008. These counts also included abuse of authority, and accumulation of wealth from unexplained sources between 2002 to 2006. [redacted] was found guilty of taking bribes from business individuals for development contracts that were up for bidding. [redacted] received a sentence of 27 years in prison.

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(U) [redacted] family members were convicted and received sentences of 10 to 18 years for money laundering. [redacted] had set up shell companies in offshore financial centers including the British Virgin Islands. In July 2008, authorities were able to trace much of [redacted] money into 39 bank accounts and 2 safety deposit boxes in Hong Kong worth \$57.1 million and 91 bank accounts in the United Kingdom worth \$30.42 million.

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(U) Authorities alleged that [redacted] used an evasive route to hide the transfer of the bribe money. The involved companies first deposited the money into a bank account in Macau then the money was transferred to Hong Kong and an offshore account belonging to [redacted] relatives. The money would then be transferred to a few shell companies before returning to a Hong Kong bank account and then back into [redacted] hands.

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(U) In October 2008, five defendants had appealed their jail sentences and all five sentences were reduced. Three of these individuals were family members of [redacted] brother [redacted] (sentence reduced from 18 years to 5 years), his sister-in-law [redacted] (sentence reduced from 13 years to 4 years and 6 months), and his father [redacted] (sentence reduced from 10 years to 4 years). The other two were businessman [redacted] and [redacted] the mainland state-owned Chon Tit Co. Ltd had his sentence of seven

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To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 04/13/2011

years reduced to five years. [redacted] ex-manager of CSR waste collection franchise company, sentence of 10 years was reduced to 6 years. [redacted] wife, [redacted] and businessman [redacted] were wanted by [redacted] and did not appeal their original prison terms of 23 years and 25 years respectively. [redacted] is legally barred from appealing his sentence.

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(U) [redacted] was charged in February 2009 with 9 counts of bribery, 5 counts of money laundering, and power abuse charges. The second trial of bribery and money laundering charges were linked to the construction of the Crown Casino and Hotel and the City of Dreams complex, both owned by the Melco/PBL consortium. Melco is controlled by [redacted] of [redacted]. There were also charges relating to the awarding of tenders for sporting venues like the Macau Stadium, and land granting on the Macau peninsula as well as on the islands of Taipa and Coloane. This trial involved illegal acts with three Macau based companies.

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(U) [redacted] was convicted on 24 charges in April 2009 and received a sentence of 28 years and 6 months and a fine of \$30,379. Adding the previous convicted charges, [redacted] was found guilty of 81 counts which would have totaled 368 years and 9 months in jail. Macau Penal Code states that a person cannot serve more than 30 years in prison, so the Court invalidated the previous sentence of 27 years and [redacted] will serve the 28 years.

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(U) In March 2009, [redacted] a relative of [redacted] was arrested at the airport after arriving from Taiwan. [redacted] and her husband [redacted] were on [redacted] wanted list in connection to the [redacted] case. [redacted] had allegedly helped [redacted] launder money in the case. [redacted] company, Shun Heng Construction provided kickbacks to [redacted] involving three public work projects. [redacted] received a sentence of six years and six months for eight crimes of active corruption but was acquitted of passive corruption. [redacted] sister is married to [redacted] brother. [redacted] had six individuals on their wanted list including [redacted] wife from the case.

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(U) In March 2010, [redacted] admitted to having received money from companies including Seng Meng Fai. [redacted] was a witness in his family's trial and stated that his relatives and wife had no idea what he was doing. [redacted] said his family did what he asked without any questions because they trusted him and his decisions. [redacted] stated the money that was put into family members' bank accounts were not related to bribery or corruption. The money was simply for services that Ecoline, one of [redacted] shell companies,

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To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 04/13/2011

had carried out. [] also said that this time he was telling the truth, even though he was unable to itemize all the works where such services and payments were made. [] stated he only had access to Ecoline in 2006 after Lee Se Chong, the manager had died.

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(U) Two former directors of Hong Kong based Swire SITA Waste Services were accused of handing bribes to [] during January 2002 to December 2006. [] and [] were accused in March 2010. The two were accused of conspiring with a Companhia de Sistemas de Residuos (CRS) executive [] to bribe [] to help the company to get or renew public contracts. Swire SITA Waste Services is an 80 percent shareholder of CRS. The bribes involved three contracts that were worth hundreds of millions for waste management and air purification in Macau.

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(U) In April 2010, the judge of [] trial granted [] request to be dismissed from testifying because [] was one of the defendants. [] a local businessman and main defendant in this case was charged with seven counts of corruption, four counts of abuse of power and one count of money laundering. In the same trial architect [] who was involved in the construction of the luxury residential complex La Cite, testified. [] is the Kun Fai company administrator and was charged with two counts of active corruption and two counts of money laundering. [] one of the Macau Stadium's renovation works contractors, also testified. [] and former Legislative Assembly president [] were called as witnesses in this case. Both of them are no longer public officials.

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(U) In September 2010, [] a former deputy general from San Meng Fai, a construction and engineering company, was charged with money laundering where he was alleged to have laundered money in favor of [] in November 2005.

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(U) [] was sentenced in March 2011 to six years and 10 months in the fifth case connected to the [] scandal. [] had fled Macau in 2007 and now is in Portugal with no plans to return. [] associate, businessman [] received a sentence of one year and ten months and a fine for two crimes of active corruption, his sentence will be suspended for two and a half years. Three other businessmen, [] and [] admitted bribing [] to win two construction contracts at the Macau Stadium and received

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To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 04/13/2011

sentences of ten months in jail and a fine. The other seven defendants were acquitted in this trial, including [redacted] wife, [redacted] the manager of [redacted] offshore companies, [redacted] and [redacted] father [redacted]

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(U) The writer did locate some media reporting on suspicions that [redacted] was the fall guy involving this corruption scandal. There were suspicions since [redacted] was the only former minister to be charged, his lengthy sentence, and how long the scheme was conducted without anyone else in government having knowledge about it. [redacted] should have asked why [redacted] was pushing certain projects through or selling plots of public land to certain mutual friends. In [redacted] trial the notes of payoffs with numbers and code names for companies and amounts had certain lines blacked out. Few people in Macau thought that corruption had stopped with [redacted]

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 05/09/2011

To: Las Vegas

From: Las Vegas
Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Summary of conference call between the government and attorneys for the Las Vegas Sands.

Details: On 05/09/2011, writer participated in a conference call between DOJ, the SEC and attorneys representing the Las Vegas Sands.

The Sands attorneys said that significant progress had been made on the document and electronic data collection in both Las Vegas and Macau. [REDACTED] (phonetic) and [REDACTED] (Last Name Unknown - LNU) participated in the call and have been in Macau for the past two weeks shepherding the collection efforts there.

The collection of documents and electronic data in Las Vegas is fully completed. Approximately 25 hard drives were produced, they collected 50-60 relevant employees email data from their servers, and they also received hard copy documents from 30-40 people after conducting document collection interviews on them. They have also pulled financial data from 2006 - 2011.

The Macau collection process should be completed by the end of this week. Thus far, 50 hard drives have been imaged, 90 relevant employees' email have been pulled, and 60 document collection interviews have resulted in numerous hard copy documents. Over 250,000 pages of hard copy documents were collected in Las Vegas, with similar numbers collected in Macau.

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To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 05/09/2011

The attorneys sent their first document production to the SEC and the DOJ attorneys on Friday. This production consisted of one CD and a cover letter describing the images it contained.

Once the collection process has been completed, the attorneys will supervise the data-mining and searching of the documents. The attorneys said the company and its employees keep huge amount of data on hard drives, and that it will be a challenge refining search terms so that they are not too broad and not too narrow. Once they have done this, they will examine the results and filter out any non-relevant documents that are created. With the images of the hard-copy documents, sometimes search terms are not as clean due to the OCR. Early next week, the attorneys will send their decided-upon search terms to the SEC and DOJ for review.

The Sands attorneys are considering using a firm called H5, a data culling company, to review the millions of emails that have been imaged. An alternative would be to use contract attorneys, followed up by a secondary review by their firm.

Regarding the Data Protection Act in Macau, the Sands attorneys are confident they have worked thru the issues regarding the collection of relevant data. The attorneys still need to determine, using local counsel, if they would violate the act as it applies to using search terms for data mining, and the eventual migration of the data from Macau to the U.S.

The Sands attorneys said they should be able to provide a list of the search terms to the government early next week. Then they will then work toward mining the data and producing relevant documents.

The next status call with the Sands attorneys has been scheduled for Thursday, 06/02/2011, at 1:00 p.m. Pacific time.

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Fired Las Vegas Sands official seeks defamation trial

BY JEFF GERMAN
LAS VEGAS REVIEW-JOURNAL

Posted: May 25, 2011 | 2:01 a.m.
Updated: May 25, 2011 | 8:32 a.m.

Lawyers for Steven Jacobs, the fired top Macau executive of Las Vegas Sands Corp., filed court papers this week arguing that his claim Chairman Sheldon Adelson defamed him should be allowed to go to trial.

Jacobs added the defamation allegation to his wrongful termination lawsuit in March after Adelson told The Wall Street Journal that Jacobs was "using outright lies and fabrications" to explain his departure from Sands China Ltd., the Macau subsidiary of Las Vegas Sands.

Jacobs oversaw the company's three resorts in Macau from 2009 until last summer, when he was let go.

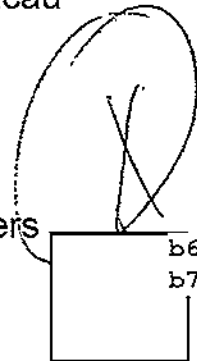
His Las Vegas attorneys, Don Campbell and J. Colby Williams, in court papers argued against dismissing the defamation claim, saying a jury must decide whether Adelson defamed Jacobs.

They contended Adelson's comments to The Wall Street Journal were "malicious" and "purposefully intended to harm Jacobs' reputation and good name," and likely were the result of Adelson's "frustration" at failing to get the lawsuit dismissed in March.

"By publicly defaming Mr. Jacobs to a worldwide investment community, Adelson ran headlong into a legal minefield where his explosive defamatory remarks have exposed him and the companies he heads to further substantial liability," the lawyers wrote.

Allegations Jacobs raised in the lawsuit have caused the Securities and Exchange Commission and the Department of Justice to open investigations of Las Vegas Sands for possible violation of the U.S. Foreign Corrupt Practices Act.

Campbell and Williams rebutted in court papers a Sands China attorney's claim



✓ 209-LV-42684-92

that Jacobs lied when he alleged the company had sent tens of millions of dollars by courier from Macau for use by Sands customers. In a footnote, they backed up the allegation by pointing to a May 2010 memo from David Law, Sands China's collection manager, who discussed sending a \$4.8 million company check by courier to Las Vegas. Law says in the memo that he preferred using a courier rather than flying himself to Las Vegas "as I need to declare the reasons I am in the U.S., which would be more risky."

Campbell and Williams said Adelson isn't the first "celebrity/billionaire to have publicly branded an adversary as a liar for merely having the temerity to seek legal redress."

Jacobs has alleged in his lawsuit that Adelson wanted him to use "improper leverage" against senior Macau government officials to help Sands China secure rights to sell apartments at its Four Seasons Macau. He also said in court documents that Adelson wanted him to employ a Macau attorney who held a government position. Jacobs says he objected over concerns about violating the U.S. Foreign Corrupt Practices Act, which bars companies from bribing foreign officials.

Las Vegas Sands Corp. and Sands China have denied the allegations and said Jacobs was fired for working on unauthorized deals and violations of company policy. Adelson's attorney, Steve Morris, could not be reached for comment.

Contact reporter Jeff German at jgerman@reviewjournal.com or 702-380-8135.

Find this article at:

<http://www.lvrj.com/business/fired-las-vegas-sands-off-u200aicial-seeks-defamation-trial-122574019.html>

☐ Check the box to include the list of links referenced in the article.

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CAMPBELL & WILLIAMS
DONALD J. CAMPBELL, ESQ. (#1216)
[djic@campbellandwilliams.com](mailto:djc@campbellandwilliams.com)
J. COLBY WILLIAMS, ESQ. (#5549)
jcw@campbellandwilliams.com
700 South Seventh Street
Las Vegas, Nevada 89101
Telephone: (702) 382-5222
Facsimile: (702) 382-0540

Attorneys for Plaintiff
Steven C. Jacobs

DISTRICT COURT
CLARK COUNTY, NEVADA

STEVEN C. JACOBS,
Plaintiff,

vs.

LAS VEGAS SANDS CORP., a Nevada
corporation; SANDS CHINA LTD., a Cayman
Islands corporation; SHELDON G. ADELSON,
in his individual and representative capacity;
DOES I through X; and ROE CORPORATIONS
I through X,
Defendants.

CASE NO. A-10-627691-C
DEPT. NO. XI

Date of Hearing: June 9, 2011
Time of Hearing: 9:00 a.m.

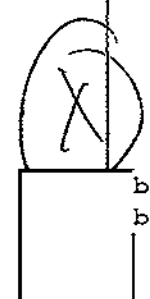
**PLAINTIFF'S OMNIBUS RESPONSE IN OPPOSITION TO
THE DEFENDANTS' RESPECTIVE MOTIONS TO DISMISS
THE FIFTH CAUSE OF ACTION ALLEGING DEFAMATION PER SE**

COMES NOW the Plaintiff, Steven C. Jacobs, by and through his attorneys of record,
and hereby files his Omnibus Response in Opposition to the Defendants' Respective Motions to
Dismiss the Fifth Cause of Action Alleging Defamation Per Se.



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW
700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE (702) 382-5222
FAX (702) 382-0540

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1 INTRODUCTION

2 The Defendants, Sheldon Adelson ("Adelson"), Las Vegas Sands Corp. ("LVS") and
3 Sands China, Ltd. ("SCL") have each filed a motion seeking the dismissal of Plaintiff's Fifth
4 Cause of Action, which claims defamation per se. Although Adelson proffers an aside in a
5 footnote to the effect that his remarks "could be viewed as an expression of opinion," the
6 bulwark of the Defendants' common motions relies upon their collective claim that Adelson's
7 remarks were privileged. This claim is, in a word, meritless.

8
9 FACTS

10 The facts which give rise to this trio of motions seeking dismissal of Jacobs' Fifth Cause
11 of Action are not in dispute. A hearing was held before Her Honor on March 15, 2011, during
12 which Ms. Glaser repeatedly branded Jacobs a liar:

13
14 And it's sort of funny, but it's sort of not, because this man, *Mr. Jacobs,*
15 *lied to the Court and said money was couriered into this country. He lied*
16 *to the Court and he's not telling the truth* in a lot of other respects as
well.

17 Trans. 57:11-15 (emphasis supplied)¹

18 Later that day, Mr. Adelson, apparently emboldened by Ms. Glaser's in-court attack on Jacobs,
19 decided that he would pile on by issuing a press release to *The Wall Street Journal*, stating in
20 part:

21
22
23 ¹ Mr. Jacobs did not lie to the Court. Attached to his Opposition to SCL's earlier Motion to Dismiss is Exhibit
24 13, an e-mail from SCL's Collection Manager, David Law, to Christine Hu dated May 12, 2010. It bears
25 the subject line "*USD 4.8million company check to be couriered over to US.*" The text of the e-mail is
26 as follows: "*Christine, We spoke today. After discussion with Jeffrey and also Kerwin today, we had*
27 *decided that it would be better for this signed company check of USD4.8million to be couriered over*
28 *using FEDEX courier company to Freddie Kwok, Kerwin's brother in Venetian Las Vegas to assist us to*
deposit this check into the BOA Las Vegas USD account instead of myself flying over to Vegas to hand
over the check to Freddie as I need to declare the reasons I am in US which would be more risky. I will
be couriering the check and the complete documentation to Freddie later today and will be sending an
email to the bank officer at BOA Las Vegas informing her on this matter. Thanks, Regards, David Law"



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/382-5222
FAX: 702/382-0540

1 While I have largely stayed silent on the matter to this point, the recycling
2 of his allegations must be addressed. We have a substantial list of reasons
3 why Steve Jacobs was fired for cause and interestingly he has not refuted
4 a single one of them. Instead, he has attempted to explain his termination
by using outright lies and fabrications which seem to have their origin in
delusion.

5 First Amended Complaint, ¶62

6 Following world-wide publication of Adelson's defamatory comments, Jacobs filed his
7 First Amended Complaint adding a Fifth Cause of Action claiming defamation per se.

8 POINTS AND AUTHORITIES

9 Adelson's statements are not absolutely privileged

10 The principal argument advanced by the Defendants is that Adelson's statements to *The*
11 *Wall Street Journal* were absolutely privileged as a matter of law:
12

13 Because Jacobs instigated and invited Adelson's statement to the *Wall*
14 *Street Journal*, he cannot now hold Adelson or his co-defendants liable for
the email to Alexandra Berzon that he (Jacobs) prompted on March 15, as
15 the court in *Green Acres Trust v. London*, 688 P.2d 658, 671 (Ariz. Ct.
App. 1983), teaches:

16 "We hold that defamatory communications concerning
17 impending litigation are absolutely privileged, whether made
to the news media or to a prospective participant in the
litigation, provided it has some relation to the proceeding."

18 Adelson Mtn., 8:23 - 9:07

19 This may indeed have been the lesson taught by the Arizona Court of Appeals, but it was one
20 that was flatly rejected by the Arizona Supreme Court when it reversed the decision the
21 following year.

22
23 In *Green Acres Trust v. London*, 688 P.2d 617, 620 (Ariz. 1984), the Arizona Supreme
24 Court unanimously held that a party's attorney did not enjoy an "absolute privilege" to make
25 extrajudicial statements to the press to the effect that defendants had violated criminal laws by
26 having "'bilked' up to 5,000 people." Acknowledging that it was a case of first impression,
27 Arizona's highest court nevertheless had little difficulty deciding the issue.
28



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE 702/382-5222
FAX 702/382-0540

1 While we have not addressed the application of the absolute privilege to
2 this kind of extra-judicial communication, other authorities have
3 considered the "press conference" context and decided against the
4 application of the privilege to communications made in that setting. These
5 authorities generally conclude that since publication to the news media
6 lacks a sufficient relationship to judicial proceedings, it should not be
7 protected by an absolute privilege.
8 *Id.* at 622 (multiple citations omitted).

9 Inexplicably, SCL has likewise cited a case which stands for the proposition that the
10 privilege does *not* extend to extrajudicial statements made to the press. At page 13, lines 10-15 of
11 its motion, SCL advances the following novel notion:

12 The absolute privilege has been recognized in other jurisdiction as well,
13 which protect a litigant's statements to the news media as communications
14 to a "public journal" of a "judicial proceeding . . . or anything said in the
15 course thereof" as privileged, unless they violate a court order. *See Cal.*
16 *Civil Code* § 47(d). This privilege extends to all matters in the court record
17 and repeated in the courtroom, as long as they are made "in the course" of
18 the lawsuit, meaning after the litigation has commenced. *See Rothman v.*
19 *Jackson*, 49 Cal.App.4th 1134, 1143 (1996).

20 But that was clearly *not* the holding in *Rothman*. Indeed, the holding was just the opposite.

21 In *Rothman*, the plaintiff, an attorney for a minor alleged to have been sexually molested
22 by the entertainer Michael Jackson, sued Jackson along with his lawyer, Bert Fields, after Fields
23 issued statements to the press to the same effect as those recently made by Adelson.²

24 [T]he defendants not only denied the charges against Jackson, but made
25 countercharges that Rothman and his clients had knowingly and
26 intentionally made false accusations against Jackson in order to extort
27 money from him. Extortion is, of course, a crime, and the charge was
28 inevitably damaging to Rothman's professional reputation.
49 Cal.App.4th at 1139 (citations omitted).

² Not content with defaming Jacobs in a press release to *The Wall Street Journal*, Adelson escalated the
attack when, on March 28, 2011, he attended the J.P. Morgan 2011 Gaming Forum. There, before a
packed audience of Wall Street analysts, Adelson launched into an ad hominem attack of Jacobs. Once
again he declared Jacobs' case to be founded upon "lies and fabrications" which entailed "blackmail and
extortion." Jacobs looks forward to exploring these and other comments with Mr. Adelson during the
course of his upcoming deposition.



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE 702/382-0222
FAX 702/382-0540

1 Presented with the same claim of "absolute privilege" as advanced by the Defendants here, the
2 California Court of Appeals found that Fields' statements were not immunized as they were
3 neither made to achieve the objects of the litigation nor did they have any connection or logical
4 relation to the case. *Id.* at 1145. Indeed, Fields' statements were not intended for a court of law,
5 but rather for the court of public opinion and therefore illegible for protection. *Id.* Such
6 statements were simply not an interest which the litigation privilege was created to protect:
7

8 The litigation privilege exists so that persons who have been harmed or
9 have other grievances calling for redress through the judicial process can
10 and will use the courts, rather than self-help, to obtain relief. The privilege
11 thus affords its extraordinary protection to the uninhibited airing,
12 discussion and resolution of disputes *in, and only in, judicial or quasi-*
13 *judicial arenas*. Public mudslinging, while a less physically destructive
14 form of self-help than a public brawl, is nevertheless one of the kinds of
15 unregulated and harmful feuding that courts and their processes exist to
16 prevent.

17 *Id.* at 1146 (emphasis in original)

18 Nor did the *Rothman* court warm to the entreaty that the privilege should somehow be broadened
19 to cover press releases:
20

21 In sum, we hold that the litigation privilege should not be extended to
22 "litigating in the press." Such an extension would not serve the purposes
23 of the privilege; indeed, it would serve no purpose but to provide
24 immunity to those who would inflict upon our system of justice the
25 damage which litigating in the press generally causes: poisoning of jury
26 pools and bringing disrepute upon both the judiciary and the bar.

27 *Id.*

28 Thus, it is clear that Adelson's defamatory remarks were not made "in and only in the judicial or
quasi-judicial arena" and were not "absolutely privileged." *Id.*

Similarly, there is nothing which shelters the Defendants from liability in those remaining
cases they have cited in support of their claim of absolute privilege. For example, in *Libco Corp.*
v. Adams, 426 N.E.2d 1130, 1132 (Ill.Ct.App. 1981), the issue was whether letters exchanged
between attorneys were absolutely privileged where they clearly pertained to proposed or



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE 702/382-5222
FAX 702/383-0540

1 pending litigation. Unsurprisingly, the answer was, yes. This was also the unremarkable holding
2 in *Digerati Holdings, LLC v. Young Money Entertainment*, -- Cal.Rptr.3d --, 194 Cal.App.4th
3 873 (Cal.Ct.App. 2011). To similar effect in Nevada, is *Fink v. Oshins*, 118 Nev. 428, 49 P.3d
4 640 (2002), where our Supreme Court held an attorney's statements to his client were absolutely
5 privileged as a "communication preliminary to a proposed judicial proceeding . . ." 49 P.2d at
6 644.
7

8 As for the citation to *Clark County School District v. Virtual Education Software, Inc.*,
9 213 P.3d 496 (Nev. 2009), our Supreme Court merely extended the privilege for the responsive
10 exchange of letters in anticipation of litigation to the parties themselves where that same
11 exchange would have been protected had their staff counsel authored the letters in anticipation of
12 pending litigation:
13

14 Dr. Rice's letter to VESI was in response to VESI's threat to initiate legal
15 action against CCSD. The letter would be absolutely privileged had it been
16 drafted by CCSD's legal counsel; therefore, we conclude that the
17 protections afforded by the absolute privilege should be extended to Dr.
18 Rice, who was a party involved in this dispute where judicial proceedings
19 were under serious consideration.
20 213 P.3d at 503

21 This privilege has also been specifically extended by statute to quasi-judicial and
22 administrative bodies and officials. Thus, written communications to and from the Nevada State
23 Employment Security Department were held to be absolutely privileged under NRS 622.265(7)
24 in *Circus Circus Hotels, Inc. v. Witherspoon*, 99 Nev. 56, 657 P. 101 (1983).
25

26 So, the question naturally arises: What do any of these cases have to do with the present
27 controversy where Adelson's comments were not made in a pre-litigation letter to an adversary
28 or counsel, nor were made in a quasi-judicial setting but, rather, were made to the press as part of
a public relations campaign? The answer, of course, is nothing.



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/382-5222
FAX: 702/382-0640

1 Adelson's defamatory statements were not conditionally privileged as a "reply"

2 The Defendants also contend that Adelson's defamatory remarks were further subject to a
3 qualified or conditional privilege³ of "reply" having been "invited" by Jacobs upon the filing of
4 his Complaint.
5

6 While it is true that a speaker has a conditional privilege to reply to defamatory
7 comments in order to protect his own interests or those interests which he has in common with a
8 third party, he may do so only so long as the interest sought to be protected is sufficiently
9 important and that communication is delivered to a proper recipient. See Restatement (Second)
10 of Torts, §594 cmt. h (interest affected), cmt. i (recipient). Applying this standard to the
11 statements of Adelson, it becomes clear his comments do not qualify for any conditional
12 privilege.
13

14 First of all, the Defendants' interest in replying to Jacobs' Complaint is not properly
15 accomplished by Adelson's issuance of a press release to *The Wall Street Journal*. Rather, that
16 interest is to be addressed by the filing of a formal answer and counterclaim. It is this Court that
17 is the "proper recipient of the communication," not *The Wall Street Journal*.
18

19 Second, the decision in *State v. Eighth Judicial District*, 118 Nev. 140, 42 P.3d 233
20 (2002) has *not* expressly endorsed Adelson's venomous comments to *The Wall Street Journal*.
21 To the contrary, the Court conferred the cloak of conditional immunity on a public official in a
22 highly detailed factual setting which bears, at best, only a superficial similarity to the facts at
23 issue here.
24
25

26
27 ³ The term "qualified privilege" and "conditional privilege" are legal terms for an identical legal
28 principal. See, e.g., *Blue Cross & Blue Shield of Ala.*, 773 So. 2d 475, 477 (Ala. 2000): ([T]he two terms
have been used interchangeably; multiple citations omitted).



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/382-5222
FAX: 702/382-0540

1 There, a former investigator for the Office of the Attorney General gave a wide ranging
2 sit-down interview to the *Las Vegas Sun* in which, among other things, he accused the attorney
3 general of engaging in gross misconduct while in office. Following publication of the article,
4 then-Attorney General Frankie Sue Del Papa wrote the *Las Vegas Sun* a responsive letter in
5 which she denied the allegations and explained the factual background regarding the
6 investigator's separation from the office. After acknowledging the general rule that an individual
7 who is attacked in the paper has a right to rebut the charges, the Nevada Supreme Court noted
8 the Attorney General's reply was addressed only to the allegations that had been raised by the
9 former investigator and was in all respects carefully measured in its response.⁴ Particularly
10 noteworthy in this regard was the Court's warning to others that the conditional privilege would
11 not be conferred upon those who ventured beyond the limits of the privilege:
12

14 The privilege may be lost, however, if the reply: (1) includes substantial
15 defamatory matter but is irrelevant or non-responsive to the initial
16 statement; (2) includes substantial defamatory material that is
17 disproportionate to the initial statement; (3) is excessively publicized; or
18 (4) is made with malice in the sense of actual spite or ill will.

118 Nev. at 149-50, 42 P.3d at 239

18 On this point, the Defendants should make no mistake; this is precisely the legal terrain
19 they now find themselves upon. Paragraph 63 of the First Amended Complaint clearly details
20 that it is Jacobs' position that Adelson's publication to *The Wall Street Journal* was malicious
21 and was purposefully intended to harm Jacobs' reputation and good name. Thus, as a matter of
22 law, Adelson's liability will be left for the jury to decide. *See e.g., Weldy v. Piedmont Airlines,*
23 *Inc.*, 985 F.2d 57 (2d Cir. 1993) (the loss of a conditional privilege in a defamation case is to be
24

26 ⁴ "Del Papa's response rebutted these charges and explained the inaccuracies that were found within the
27 March 26, 1997 article." 42 P.3d at 239. For Adelson to compare his actions to those of Attorney General
28 Del Papa is to invite the comparison that undertaking a drive-by shooting with an AK-47 is no different
than a boxer who delivers a counterpunch following an opponent's jab.



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE 702/362-5222
FAX 702/383-0540

1 determined by the jury where it is claimed that the factual context of the statements constituted
2 defamation per se and were published with a malicious intent to harm the target.)⁵

3 Jacobs' claim for defamation has been properly pled

4
5 SCL has also alleged that Jacobs' Fifth Cause of Action is fatally defective as a matter of
6 law. Citing *Lubin v. Kunin*, 117 Nev. 107, 111, 17 P.3d 422, 425 (2001), SCL argues:

7 Although Jacobs alleges that Adelson's statements regarding Jacobs'
8 termination "for cause" and Jacobs' "outright lies and fabrications" in this
9 litigation were false and defamatory, **Jacobs fails to allege that these**
10 **statements were unprivileged**, a necessary element to establish a *prima*
11 *facie* claim for defamation. Jacobs' FAC therefore is deficient on its face.
12 Defendant SCL's Mtn. to Dismiss for Failure to State a Claim, 12:1-4
(emphasis supplied)

13 Really? Perhaps SCL should read Paragraph 65 of Jacobs' Fifth Cause of Action:

14 65. That all the comments and statements by Adelson as detailed in
15 Paragraph 62, *supra*, were made **without justification or legal excuse**,
16 and were otherwise **not privileged** because they did not function as a
17 necessary or useful step in the litigation process and did not otherwise
18 serve its purpose.
(emphasis supplied)

19 Adelson's statements were not "opinion"

20 Equally specious is Adelson's claim that his comments to *The Wall Street Journal* were
21 merely expressions of "opinion." See Motion, pg. 5, fn 3. In support of that claim, Adelson cites
22 *Mast v. Overson*, 971 P.2d 928 (Utah 1998). But Adelson's statements were most certainly not
23 made during a "heated public debate" concerning a matter of community-wide interest. Nor were
24 his comments the type to be "taken with a grain of salt" because they were obviously

25 ⁵ Adelson's other "conditional privilege" cases are equally inapplicable to the case at bar. In *Litman v.*
26 *Mass. Mutual Life Ins. Comp.*, 739 F.2d 1549, 1552 (11th Cir. 1984), the court found that where the
27 employee expressly solicited his former employer to share information with a prospective employer, any
28 publication was conditionally privileged as having been invited. Similarly, in *Williams v. School District*
of Springfield, 447 S.W.2d 256 (Mo. 1969), a school teacher who had been terminated demanded the
superintendent of schools to explain, during the course of a school board meeting, the reasons why she
had been terminated. The court, obviously and quite correctly, held that the explanation had been invited
and thus conditionally privileged.



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/392-5222
FAX: 702/392-0540

1 "exaggerated and polemicized." *Id.* at 933-934. Instead, Adelson's comments were specifically
2 delivered to the leading publisher of business news to the world . . . *The Wall Street Journal*.

3
4 Clearly then, Adelson's comments were designed to inflict the maximum amount of
5 reputational damage possible.

6 *The fired "for cause" allegation*

7 Adelson's salvo alleged that Jacobs had not only been fired "for cause" but, moreover,
8 had not proffered any defense to his termination. In the business and investment community, it is
9 well understood that an officer or director of a publicly traded gaming company who has been
10 fired "for cause" had, at best, engaged in gross misconduct; and at worst, had committed a crime.

11
12 Casting aspersions on someone's integrity and ability to perform his job is defamatory
13 per se. *Posadas v. City of Reno*, 109 Nev. 448, 453, 851 P.2d 438, 442 (1993). That is the gist of
14 Adelson's statement that Jacobs was terminated "for cause." In reviewing an allegedly
15 defamatory statement, "[t]he words must be reviewed in their entirety and in context to
16 determine whether they are susceptible of a defamatory meaning." *Chowdhry v. NLVH, Inc.*, 109
17 Nev. 478, 484, 851 P.2d 459, 463 (1993).⁶ Thus, "where a statement is susceptible of different
18 constructions, one of which is defamatory, resolution of the ambiguity is a question of fact for
19 the jury." *Lubin v. Kunin, supra*, 117 Nev. at 111, 17 P.3d at 425-426 (internal quotation marks
20 and citations omitted); *see also, Posada v. City of Reno, supra*, 109 Nev. at 453, 851 P.2d at 442
21 (summary judgment dismissing defamation claim was error because the statement "is capable of
22 a defamatory construction"). Such is the case with regard to the thinly-disguised euphemism "for
23 cause."
24

25
26 ⁶ *See also, Las Vegas Sun, Inc. v. Franklin*, 74 Nev. 282, 287, 329 P.2d 867, 869 (1958) (allegedly
27 defamatory statements "are to be taken in their plain and natural import according to the ideas they
28 convey to those to whom they are addressed; reference being had not only to the words themselves but
also to the circumstances under which they were used") (quoting *Talbot v. Mack*, 41 Nev. 245, 262, 169
P. 25, 29 (1917)).



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& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/382-5222
FAX: 702/382-0340

1 In *Carney v. Memorial Hosp. & Nursing Home of Greene County*, 485 N.Y.S.2d 984,
2 475 N.E.2d 451 (1985), for example, a hospital pathologist had been discharged after reports
3 from the state health agency disclosed deficiencies in the hospital's laboratory. The hospital
4 stated to a local newspaper that the plaintiff had been terminated "for cause," whereupon she
5 filed suit for defamation. The hospital made the same argument now advanced by Adelson, and
6 convinced the trial judge to dismiss the defamation claim. On appeal, however, that ruling was
7 reversed for reasons which apply with equal force here:

8
9 [T]o the extent that defendants argue that the statement is not de-
10 famatory because it means only that the hospital administrators had a
11 "reason," which may or may not be valid, for dismissing plaintiffs, their
12 argument must be tested against the understanding of the average reader ...

13 ... [T]he statement that plaintiff was terminated "for cause" is not
14 clearly susceptible to only one interpretation. The rule is that if the words
15 taken in their natural and ordinary meaning are susceptible to a
16 defamatory connotation, then it is for the jury to decide how it would be
17 understood by the average reader . . . It cannot be said as a matter of law
18 that the average reader of the statement that plaintiff was discharged "for
19 cause" would not interpret it as meaning that plaintiff had actually been
20 derelict in this professional duties. Accordingly, plaintiff is entitled to a
21 jury determination of the issue[.]
22 475 N.E.2d at 453 (citations omitted).

23 For similar reasons, the court in *Vanover v. Kansas City Life Ins. Co.*, 438 N.W.2d 524
24 (N.D. 1989), reversed summary judgment dismissing a libel action based on letters stating that
25 the plaintiff had been terminated "for cause." The court explained that "summary judgment is not
26 warranted if the letter is capable of two meanings - one defamatory and the other innocent." *Id.*
27 at 527 (internal quotation marks omitted).⁷

28 ⁷ On remand, the jury found for the plaintiff and awarded punitive damages. The award was affirmed in
Vanover v. Kansas City Life Ins. Co., 553 N.W.2d 192 (N.D. 1996), holding that "[w]hat [the defendant]
meant when it used the phrase 'for cause,' what the recipients of the letters thought 'for cause' meant,
and whether [the defendant] acted with malice, were all questions of fact for the jury." *Id.* at 199.



1 The plaintiff in *Linkage Corp. v. Trustees of Boston University*, 425 Mass. 1, 679 N.E.2d
2 191, *cert. denied*, 522 U.S. 1015, 118 S. Ct. 599, 139 L. Ed. 2d 488 (1997), had a contract with
3 Boston University to manage educational programs at a facility owned by the university. After
4 an internal audit, university officials canceled the agreement, entered the facility, gathered the
5 plaintiffs' employees into a room and announced that the contract had been terminated "for
6 cause." The context in which this statement was made, held the court, supported the jury's
7 finding that it was defamatory: "the jury would have been warranted in finding that Westling's
8 statements to Linkage employees on the day of the termination, that the termination was 'for
9 cause,' were defamatory when considered in the context of the hostile and forcible takeover of
10 Linkage's offices, because the statements conveyed a message to those employees that Linkage
11 had been involved in serious wrongdoing." 679 N.E.2d at 206 n.30. This is precisely the message
12 conveyed by Adelson's statement to *The Wall Street Journal*; i.e., that Jacobs had been involved
13 in very serious wrongdoing.

16 *The contention that Jacobs is a liar*

17 Adelson is not the first celebrity/billionaire to have publicly branded an adversary as a
18 liar for merely having the temerity to seek legal redress.

20 In *Cook v. Winfrey*, 141 F.3d 322 (7th Cir. 1998), Oprah Winfrey was sued for having
21 interfered with a former paramour's contractual relations with a publisher. After the complaint
22 against her had been filed, Winfrey told the *National Enquirer* that Cook was "a liar" and
23 characterized his lawsuit as "all a pack of lies."

24 Reversing the lower court's dismissal of Cook's defamation claim, the Seventh Circuit
25 Court of Appeals found that Winfrey's allegations could certainly be found by a jury to have
26 been a factual assertion masquerading as opinion and, therefore, were actionable under law:



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, N. VADA 89101
PHONE: 702/382-5222
FAX: 702/382-0540

1 [W]hether or not Winfrey's alleged statements were, in all the
2 circumstances, opinions or assertions of fact requires an inquiry that goes
3 beyond the allegations of the complaint into a consideration of the context
4 in which the statements were uttered. It was therefore error for the district
5 court to grant Winfrey's motion to dismiss with regard to Count IV,
(defamation) and we reverse.
141 F.3d 330 (parenthetical provided)

6 Consider as well, the recent case involving the celebrated (and recently indicted) baseball player,
7 Roger Clemens, who threw the same sort of spitballs at his former trainer, Brian McNamee, and
8 was promptly sued in United States District Court for defamation in *McNamee v. Clemens*, 2011
9 WL 323267 (E.D.N.Y. Feb. 3, 2011).

10 The background of the case is both interesting and instructive. McNamee had been
11 interviewed by former United States Senator George Mitchell after Mitchell had been hired by
12 Major League Baseball ("MLB") to conduct a special investigation into the use of performance
13 enhancing drugs by current and former MLB players. *Id.* at *2. After Mitchell completed his
14 investigation, he issued a Special Report in which he memorialized McNamee's allegation that
15 Clemens had repeatedly used steroids and a human growth hormone. *Id.* In the months that
16 followed, both Clemens and his attorney issued press releases in which they alleged McNamee
17 was "a liar." *Id.* at **3-4. Fed up with these brush back pitches to his integrity, McNamee sued,
18 claiming he had been defamed. When Clemens moved to dismiss, the judge found Clemens'
19 claims that McNamee had been lying had gone well beyond a general denial. Having found that
20 McNamee's integrity had been impugned, the court refused to dismiss the complaint. *Id.* at *12.

23 As for the issue of privilege, because the statements were made out of court, they require-
24 ed greater factual development. Accordingly, the court found that granting a motion to dismiss
25 would be inappropriate. *Id.* at *20.

27 The above two cases are hardly unique. *See, e.g., Vinson v. Linn-Mar Community School*
28 *District*, 360 N.W.2d 108 (Iowa 1984) ("no meaningful distinction between being called a liar



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700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE 702/382-5222
FAX 702/382-0540

1 and being accused of falsifying information"); *Pease v. Int'l Union of Operating Engineers*
2 *Local 150*, 567 N.E.2d 614, 619 (Ill.App.Ct. 1991) (statements "he simply lied" and "lied to us
3 and lied to you" were not reasonably susceptible to an innocent construction and were therefore
4 libelous per se); *Clarage v. Kuzma*, 795 N.E.2d 348, 356 (Ill.App.Ct. 2003) (allegations in letter
5 that plaintiff "needs to stop lying" impugned plaintiff's business ethics and was defamatory per
6 se); *Edwards v. National Audubon Society, Inc.*, 556 F.2d 113, 121 (2d Cir. 1977) (no allegation
7 could be better calculated to ruin academic reputations than to call university professors "paid
8 liars").
9

10 CONCLUSION

11
12 Sheldon Adelson's statement to *The Wall Street Journal* on March 15, 2011, was not in
13 any way invited by Jacobs. Rather, Adelson's defamatory comments were the likely product of
14 frustration at having failed to achieve the dismissal he so desperately wanted. And while Adelson
15 was certainly emboldened to characterize Jacobs as a liar – given that earlier in the day Ms.
16 Glaser repeatedly and unjustifiably labeled Jacobs as such before Her Honor – his comments
17 were neither absolutely, nor conditionally, privileged under the law.
18

19 In short, by publicly defaming Mr. Jacobs to a worldwide investment community,
20 Adelson ran headlong into a legal minefield where his explosive defamatory remarks have
21 exposed him and the companies he heads to further substantial liability.
22
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CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE 702/382-5222
FAX 702/382-0540

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Accordingly, the Defendants' respective motions to dismiss should be denied in their entirety.

DATED this 23rd day of May, 2011.

CAMPBELL & WILLIAMS

By



DONALD J. CAMPBELL, ESQ. (1216)

J. COLBY WILLIAMS, ESQ. (5549)

700 South Seventh Street

Las Vegas, Nevada 89101

Attorneys for Plaintiff

Steven C. Jacobs



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/382-5222
FAX 702/382-0540

CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of May, 2011, I served via e-mail and U.S. Mail, first class postage pre-paid, a true and correct copy of the foregoing Plaintiff's Omnibus Response in Opposition to the Defendants' Respective Motions to Dismiss the Fifth Cause of Action Alleging Defamation Per Se to the following counsel of record:

Glaser Weil Fink Jacobs Howard Avchen & Shapiro, LLP
Mark G. Krum, Esq.
Andrew D. Sedlock, Esq.
3763 Howard Hughes Parkway, Suite 300
Las Vegas, NV 89169
E-Mail: pglasser@glaserweil.com
mkrum@glaserweil.com
asedlock@glaserweil.com

Attorneys for Defendant Sands China Ltd.

Holland & Hart, LLP
J. Stephen Peek, Esq.
Justin C. Jones, Esq.
3800 Howard Hughes Parkway, 10th Fl.
Las Vegas, NV 89169
E-Mail: speek@hollandhart.com
jcjones@hollandhart.com

Attorneys for Defendant Las Vegas Sands Corp.

Steve Morris, Esq.
Morris Peterson
300 South Fourth Street, Suite 900
Las Vegas, NV 89101
E-Mail: sm@morrislawgroup.com

Attorneys for Defendant Sheldon Adelson

Mary J. Pizzarello



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/362-5222
FAX: 702/362-0540

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1 **REPLY**

2 **CAMPBELL & WILLIAMS**

3 **DONALD J. CAMPBELL, ESQ. (#1216)**

4 dic@campbellandwilliams.com

5 **J. COLBY WILLIAMS, ESQ. (#5549)**

6 jcw@campbellandwilliams.com

7 700 South Seventh Street

8 Las Vegas, Nevada 89101

9 Telephone: (702) 382-5222

10 Facsimile: (702) 382-0540

11 *Attorneys for Plaintiff*

12 *Steven C. Jacobs*

13 **DISTRICT COURT**

14 **CLARK COUNTY, NEVADA**

15 **STEVEN C. JACOBS,**

16 **Plaintiff,**

17 **vs.**

18 **LAS VEGAS SANDS CORP., a Nevada**
19 **corporation; SANDS CHINA LTD., a Cayman**
20 **Islands corporation; SHELDON G. ADELSON,**
21 **in his individual and representative capacity;**
22 **DOES I through X; and ROE CORPORATIONS**
23 **I through X,**

24 **Defendants.**

CASE NO. A-10-627691-C
DEPT. NO. XI

**PLAINTIFF'S REPLY
TO LAS VEGAS SANDS
CORP'S COUNTERCLAIM**

25 For his Reply to the Counterclaim of Las Vegas Sands Corp. ("LVSC"), Plaintiff, Steven
26 C. Jacobs ("Jacobs"), hereby admits, denies and alleges as follows:

27 **REPLY**

28 Except as hereinafter admitted, explained, qualified or otherwise responded to, Jacobs
specifically denies each and every allegation contained in LVSC's Counterclaim.

1. Jacobs admits the allegations contained in Paragraph 1 of the Counterclaim.



**CAMPBELL
& WILLIAMS**
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/382-5222
FAX: 702/382-0540



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1 2. Jacobs admits the allegations contained in Paragraph 2 of the Counterclaim.

2 3. Jacobs admits all of the allegations contained in Paragraph 3 of the Counterclaim
3
4 save and except for the claim LVSC has an "indirect" ownership, as that term may constitute a
5 legal conclusion to which no response is required; but to the extent a response would be require-
6 ed, Jacobs is without sufficient knowledge and so, therefore, denies that representation in its
7 entirety.

8 4. Jacobs admits all of the allegations contained in Paragraph 4 of the Counterclaim
9 save and except for the claim that Venetian Macau Limited ("VML") is an "indirect" subsidiary,
10 as that term may constitute a legal conclusion to which no response is required; but to the extent
11 a response would be required, Jacobs is without sufficient knowledge and so, therefore, denies
12 that representation in its entirety.
13

14 5. Jacobs admits the allegations contained in Paragraph 5 of the Counterclaim.

15 6. In answering Paragraph 6 of the Counterclaim, Jacobs admits that the quoted
16 language appears in the document, but denies any inference to the effect Jacobs' causes of action
17 in this suit were required to have been brought in the SAR of Macau.
18

19 7. The allegation contained in Paragraph 7 of the Counterclaim is a legal conclusion
20 which does not require a response; but to the extent a response would be required, Jacobs denies
21 the same.

22 8. In answering Paragraph 8 of the Counterclaim, Jacobs admits that the quoted
23 language appears in the document, but denies any inference to the effect Jacobs' causes of action
24 in this suit were required to have been brought in the SAR of Macau.
25

26 9. In answering Paragraph 9 of the Counterclaim, Jacobs admits that the document
27 reflects certain elements of his compensation, but denies any inference that it governed his
28 employment relationship with LVSC.



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE 702/382-0222
FAX 702/382-0540

1 10. Jacobs admits so much of Paragraph 10 of the Counterclaim to the effect LVSC
2 routed payments to Jacobs through VML, but denies the remainder in its entirety.

3 11. In answering Paragraph 11 of the Counterclaim, Jacobs admits that Sands China
4 is a Cayman Islands corporation, but states that he is without sufficient information to admit or
5 deny the remaining allegations in this paragraph and so, therefore, denies the same.
6

7 12. Jacobs admits so much of Paragraph 12 of the Counterclaim to the effect Jacobs
8 and Leven negotiated the terms in the term sheet as ultimately approved and signed by Leven on
9 behalf of LVSC and that a full-length employment agreement was never finalized, but denies
10 that the employment of Jacobs was with VML or any inference that the term sheet did not
11 constitute a binding contract.
12

13 13. Jacobs admits so much of Paragraph 13 of the Counterclaim to the effect an IPO
14 of Sands China was launched on the Hong Kong Exchange save and except the claim LVSC has
15 an "indirect" ownership of Sands China as that term may constitute a legal conclusion to which
16 no response is required; but to the extent a response would be required, Jacobs is without
17 sufficient knowledge and so, therefore, denies that representation in its entirety.
18

19 14. In answering Paragraph 14 of the Counterclaim, Jacobs is without sufficient
20 knowledge to form a belief as to the truth or falsity of the allegations in this paragraph and
21 therefore the same is denied in its entirety.

22 15. Jacobs admits the allegations contained in Paragraph 15 of the Counterclaim.

23 16. In answering Paragraph 16 of the Counterclaim, Jacobs admits so much of said
24 paragraph to the effect he was an executive of LVSC and was employed by LVSC, but denies
25 the remainder of said paragraph in its entirety.
26

27 17. Jacobs denies the allegations contained in Paragraph 17 of the Counterclaim.
28



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/382-0222
FAX: 702/382-0540

1 18. In answering Paragraph 18 of the Counterclaim, Jacobs is without sufficient
2 knowledge as to the claimed nexus of the reorganization and the term "indirect" and so,
3 therefore, denies said Paragraph 18 in its entirety.
4

5 19. Paragraph 19 of the Counterclaim calls for a legal conclusion and does not require
6 a response. In the event a response would be required, Jacobs avers that he is without sufficient
7 knowledge to admit or deny and, therefore, denies the same in its entirety.
8

9 20. In answering Paragraph 20 of the Counterclaim, Jacobs admits so much of said
10 paragraph to the effect he signed the agreement and made comments concerning Japan, but
11 denies the remainder thereof in its entirety.
12

13 21. Jacobs denies the allegations contained in Paragraph 21 of the Counterclaim.
14

15 22. Jacobs denies the allegations contained in Paragraph 22 of the Counterclaim.
16

17 23. In answering Paragraph 23 of the Counterclaim, Jacobs admits a report was
18 commissioned by Sands China, but denies that he independently commissioned the report.
19

20 24. In answering Paragraph 24 of the Counterclaim, Jacobs admits so much of said
21 paragraph to the effect a report was commissioned, but denies the remainder of the allegations
22 contained in this Paragraph in its entirety.
23

24 25. In answering Paragraph 25 of the Counterclaim, Jacobs admits that he met with a
25 representative of International Risk and received one of several copies prepared by the firm for
26 distribution to senior management personnel, but denies the remainder of the allegations
27 contained in this Paragraph in its entirety.
28

 26. Jacobs denies the allegations contained in Paragraph 26 of the Counterclaim.

 27. Jacobs admits the allegations contained in Paragraph 27 of the Counterclaim.



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/382-5282
FAX: 702/382-0540

1 28. In answering Paragraph 28 of the Counterclaim, Jacobs is without sufficient
2 information as to what article is being referred to as the initial article and so, therefore, denies
3 the same.
4

5 29. In answering Paragraph 29 of the Counterclaim, Jacobs admits so much of said
6 paragraph to the effect that there was an extensive article authored by Matt Issacs, Lowell
7 Bergman and others which was published by Reuters News on or about March 29, 2010 and
8 which carried the headline: "Special Report: High-rollers, triads and a Las Vegas giant" (The
9 Reuters article). Jacobs further admits that a background investigation of Cheung Chi Tai was
10 commissioned in response thereto. Jacobs, however, denies that the background investigation
11 was done solely for due diligence purposes to "discover" ties of LVSC to Cheung Chi Tai as
12 those ties were well known to LVSC Chairman, Sheldon G. Adelson, well before the Reuters'
13 article.
14

15 30. In answering Paragraph 30 of the Counterclaim, said paragraph, as written, is
16 unintelligible as it contains incomplete, run-on, and compound sentences leaving Jacobs to
17 speculate, therefore he is without sufficient knowledge as to the matters alleged therein and,
18 accordingly, denies the same in its entirety.
19

20 31. Jacobs denies the allegations contained in Paragraph 31 of the Counterclaim.

21 32. In answering Paragraph 32 of the Counterclaim, Jacobs admits that he objected to
22 the relationship with Cheung Chi Tai, but denies the remainder of said paragraph in its entirety.
23

24 33. In answering Paragraph 33 of the Counterclaim, Jacobs admits so much of said
25 paragraph to the effect a copy of the report was shared with him. Jacobs further admits he raised
26 important issues with respect to the Sands China Board not being fully informed as to
27 information discovered; just as others raised issues regarding a scheme concocted by Adelson to
28 intimidate and mislead Reuters and its investigative journalists as to the accuracy of the March



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW
700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/382-3222
FAX: 702/382-0540

1 29, 2010, article by sending Reuters a demand for retraction which falsely claimed defamation.
2 Jacobs denies the remainder of Paragraph 33 to the effect he "delayed" or was an "impediment"
3 to the termination of the agreements with Cheung Chi Tai.
4

5 34. In answering Paragraph 34 of the Counterclaim, Jacobs admits so much of said
6 paragraph to the effect he went to Singapore and discussed important issues of full disclosure
7 and compliance with corporate governance standards for Sands China. Jacobs denies the
8 remainder of the allegations contained this Paragraph in its entirety.

9 35. In answering Paragraph 35 of the Counterclaim, Jacobs admits he consistently
10 advocated for the full disclosure of all relevant facts to the Board of Sands China and that he
11 wished to ensure that the Board fulfilled its fiduciary duty to its shareholders. Jacobs denies the
12 reminder of the allegations contained in this paragraph in its entirety.
13

14 36. Jacobs denies the allegations contained in Paragraph 36 of the Counterclaim.

15 37. Jacobs denies the allegations contained in Paragraph 37 of the Counterclaim.

16 38. In answering Paragraph 38 of the Counterclaim, the allegation is indefinite and
17 vague and, therefore, Jacobs is without sufficient knowledge to answer and so, therefore, denies
18 said paragraph in its entirety.
19

20 39. In answering Paragraph 39 of the Counterclaim, the allegation is indefinite and
21 vague and, therefore, Jacobs is without sufficient knowledge to answer and so, therefore, denies
22 said paragraph in its entirety.

23 40. In answering Paragraph 40 of the Counterclaim, Jacobs admits so much of said
24 paragraph to the effect that the *then* existing agreements with Cheung Chi Tai were
25 "terminated," but denies any inference to the effect that Adelson, LVSC, or SCL ever severed
26 the relationship with Cheung Chi Tai.
27
28



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/382-3222
FAX: 702/283-0540

1 41. In answering Paragraph 41 of the Counterclaim, Jacobs admits so much of said
2 paragraph to the effect he was removed as President and Chief Executive Officer of Sands
3 China, but denies the remainder thereof in its entirety.

4 42. Jacobs denies the allegations contained in Paragraph 42 of the Counterclaim.

5 43. Jacobs denies the allegations contained in Paragraph 43 of the Counterclaim.

6 44. Jacobs denies the allegations contained in Paragraph 44 of the Counterclaim.

7 45. Jacobs denies the allegations contained in Paragraph 45 of the Counterclaim.

8
9 in its entirety.

10 46. Jacobs denies the allegations contained in Paragraph 46 of the Counterclaim.

11 47. Jacobs denies the allegations contained in Paragraph 47 of the Counterclaim.

12 48. Jacobs denies the allegations contained in Paragraph 48 of the Counterclaim.

13 49. Jacobs denies the allegations contained in Paragraph 49 of the Counterclaim.

14 50. Jacobs denies the allegations contained in Paragraph 50 of the Counterclaim.

15 51. Jacobs denies the allegations contained in Paragraph 51 of the Counterclaim.

16 52. Jacobs denies the allegations contained in Paragraph 52 of the Counterclaim.

17
18 FIRST CLAIM FOR RELIEF

19 (Abuse of Process)

20
21 53. Jacobs repeats and realleges his answers to Paragraphs 1 through 52 of the
22 Counterclaim as previously given as though fully set forth herein.

23 54. Jacobs denies the allegations contained in Paragraph 54 of the Counterclaim.

24 55. Jacobs denies the allegations contained in Paragraph 55 of the Counterclaim.

25 56. Jacobs denies the allegations contained in Paragraph 56 of the Counterclaim.

26 57. Jacobs denies the allegations contained in Paragraph 57 of the Counterclaim.

27 58. Jacobs denies the allegations contained in Paragraph 58 of the Counterclaim.



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/382-5222
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1 59. Jacobs denies the allegations contained in Paragraph 59 of the Counterclaim.

2 60. Jacobs denies the allegations contained in Paragraph 60 of the Counterclaim.

3 **SECOND CLAIM FOR RELIEF**

4 **(Business Defamation/Disparagement)**

5
6 61. Jacobs repeats and realleges his answers to Paragraphs 1 through 60 of the
7 Counterclaim as previously given as though fully set forth herein.

8 62. Jacobs denies the allegations contained in Paragraph 62 of the Counterclaim.

9 63. Jacobs denies the allegations contained in Paragraph 63 of the Counterclaim.

10 64. Jacobs denies the allegations contained in Paragraph 64 of the Counterclaim.

11 65. Jacobs denies the allegations contained in Paragraph 65 of the Counterclaim.

12 66. Jacobs denies the allegations contained in Paragraph 66 of the Counterclaim.

13 67. Jacobs denies the allegations contained in Paragraph 67 of the Counterclaim.

14 68. Jacobs denies the allegations contained in Paragraph 68 of the Counterclaim.

15 **THIRD CLAIM FOR RELIEF**

16 **(Intentional Interference with Prospective Economic Advantage)**

17
18 69. Jacobs repeats and realleges his answers to Paragraphs 1 through 68 of the
19 Counterclaim as previously given as though fully set forth herein.

20 70. Jacobs denies the allegations contained in Paragraph 70 of the Counterclaim.

21 71. Jacobs denies the allegations contained in Paragraph 71 of the Counterclaim.

22 72. Jacobs denies the allegations contained in Paragraph 72 of the Counterclaim.

23 73. Jacobs denies the allegations contained in Paragraph 73 of the Counterclaim.

24 74. Jacobs denies the allegations contained in Paragraph 74 of the Counterclaim.



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/382-6222
FAX: 702/382-0540

1 FOURTH CLAIM FOR RELIEF

2 (Civil Extortion)

3 75. Jacobs repeats and realleges his answers to Paragraphs 1 through 74 of the
4 Counterclaim as previously given as though fully set forth herein.
5

6 76. Jacobs denies the allegations contained in Paragraph 76 of the Counterclaim.

7 77. Jacobs denies the allegations contained in Paragraph 77 of the Counterclaim.

8 78. Jacobs denies the allegations contained in Paragraph 78 of the Counterclaim.

9 79. Jacobs denies the allegations contained in Paragraph 79 of the Counterclaim.
10

11 FIRST AFFIRMATIVE DEFENSE

12 LVSC has *failed to state any claim upon which any relief may be granted* in its four
13 causes of action pled in its Counterclaim.

14 SECOND AFFIRMATIVE DEFENSE

15 LVSC has brought and alleged its Counterclaim as part of a *bad faith defense* to among
16 other things: (1) conceal its employment relationship with Jacobs; (2) conceal its relationship
17 with Cheung Chi Tai and other related or similar parties; (3) conceal the truth of those
18 relationships from the Reuters investigative reporters; (4) conceal Adelson's pervasive control of
19 the LVSC related entities, including his personal demand that Leonel Alves be hired as General
20 Counsel for Sands China, Ltd.; and (5) conceal material cost overruns and timing delays from
21 the SCL Board and SCL's shareholders.
22

23 THIRD AFFIRMATIVE DEFENSE

24 LVSC's claims are barred by the doctrine of *truth*.
25

26 FOURTH AFFIRMATIVE DEFENSE

27 LVSC's claims are barred by the application of the doctrine of *privilege*.
28



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/383-6222
FAX: 702/382-0540

1 FIFTH AFFIRMATIVE DEFENSE

2 LVSC's claims are barred by the *business judgment rule*.

3 SIXTH AFFIRMATIVE DEFENSE

4 LVSC's claims are barred by the doctrine of *reliance and advice*.

5 SEVENTH AFFIRMATIVE DEFENSE

6 LVSC's claims are barred by the doctrine of *legal justification*.

7 EIGHTH AFFIRMATIVE DEFENSE

8 LVSC's claims are barred by the doctrine of *lack of publication*.

9 NINTH AFFIRMATIVE DEFENSE

10 LVSC's claims are barred by the *lack of damages*.

11 TENTH AFFIRMATIVE DEFENSE

12 LVSC's claims are barred by the doctrine of *laches*.

13 ELEVENTH AFFIRMATIVE DEFENSE

14 LVSC's claims are barred by the doctrine of *unclean hands*.

15 TWELFTH AFFIRMATIVE DEFENSE

16 LVSC's claims are barred by the doctrine of *estoppel*.

17 THIRTEENTH AFFIRMATIVE DEFENSE

18 LVSC's claims are barred by the doctrine of *waiver*.

19 FOURTEENTH AFFIRMATIVE DEFENSE

20 LVSCs damages, if incurred, were *attributable to its own actions* and/or misconduct and
21 not that of Jacobs.

22 FIFTEENTH AFFIRMATIVE DEFENSE

23 LVSC has *failed to mitigate* any damages suffered.



24 CAMPBELL
25 & WILLIAMS
26 ATTORNEYS AT LAW

27 700 SOUTH SEVENTH STREET
28 LAS VEGAS, NEVADA 89101
PHONE: 702/382-5222
FAX: 702/382-0540

1 SIXTEENTH AFFIRMATIVE DEFENSE

2 LVSC's damages, if any, are subject to *set off*.


3 SEVENTEENTH AFFIRMATIVE DEFENSE

4 LVSC's claims are barred by the doctrine of *ratification*.

5 WHEREFORE, Jacobs respectfully prays that Las Vegas Sands Corp. take nothing by
6 reason of its Counterclaim and that Jacobs be awarded his reasonable costs and attorneys' fees
7 for having to defend this action as well as any other relief the Court deems just and appropriate.
8

9 DATED this 24th day of May, 2011.

10 CAMPBELL & WILLIAMS

11 By 
12 DONALD J. CAMPBELL, ESQ. (1216)
13 J. COLBY WILLIAMS, ESQ. (5549)
14 700 South Seventh Street
15 Las Vegas, Nevada 89101

16 *Attorneys for Plaintiff*
17 *Steven C. Jacobs*
18
19
20
21
22
23
24
25
26
27
28



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE 702/380-6222
FAX 702/382-0540

CERTIFICATE OF SERVICE

I hereby certify that on this 24th day of May, 2011, I served via e-mail and U.S. Mail, first class postage pre-paid, a true and correct copy of the foregoing Plaintiff's Reply to Las Vegas Sands' Counterclaim to the following counsel of record:

Glaser Weil Fink Jacobs Howard Avchen & Shapiro, LLP
Mark G. Krum, Esq.
Andrew D. Sedlock, Esq.
3763 Howard Hughes Parkway, Suite 300
Las Vegas, NV 89169
E-Mail: pglasser@glaserweil.com
mkrum@glaserweil.com
asedlock@glaserweil.com

Attorneys for Defendant Sands China Ltd.

Holland & Hart, LLP
J. Stephen Peek, Esq.
Justin C. Jones, Esq.
3800 Howard Hughes Parkway, 10th Fl.
Las Vegas, NV 89169
E-Mail: speek@hollandhart.com
jjones@hollandhart.com

Attorneys for Defendant Las Vegas Sands Corp.

Steve Morris, Esq.
Morris Peterson
300 South Fourth Street, Suite 900
Las Vegas, NV 89101
E-Mail: sm@morrislawgroup.com

Attorneys for Defendant Sheldon Adelson

Mary J. Lizzariello



CAMPBELL
& WILLIAMS
ATTORNEYS AT LAW

700 SOUTH SEVENTH STREET
LAS VEGAS, NEVADA 89101
PHONE: 702/392-5222
FAX: 702/392-0540

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 06/06/2011

To: Las Vegas

From: Las Vegas
Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Reassign above-captioned investigation to SA [REDACTED]
[REDACTED]

Details: Due to writer's impending departure from Squad 13,
please reassign the above-captioned investigation to SA [REDACTED]
[REDACTED]

♦♦

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Re-Assign TO Done
SA [REDACTED] 7/14
[REDACTED]
/6/7/2011

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205-LV-42684-95

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 06/02/2011

To: Las Vegas

From: Las Vegas
Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Summary of conference call between the government and attorneys for the Las Vegas Sands.

Details: On 06/02/2011, writer and SA [REDACTED] participated in a conference call between DOJ, the SEC and attorneys representing the Las Vegas Sands.

The Sands attorneys said that they have completed their document collection in Las Vegas. They have gathered 130 boxes of hard-copy documents, and ten terabytes of electronic data. They will collect documents in the next couple weeks from board members of the Las Vegas Sands.

In Macau, they have collected 110 boxes of hard-copy documents, and eight terabytes of electronic data. These materials are being stored in a secure location in Macau until their Macau legal counsel can determine whether or not they can migrate the information to the U.S. They anticipate such a determination could take an additional two to four weeks.

The next status call with the Sands attorneys has been scheduled for Thursday, 06/23/2011, at 1:00 p.m. Pacific time.

♦♦

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 07/15/2011

To: Las Vegas

From: Las Vegas
Squad 13

Contact: SA [REDACTED]

Approved By: [REDACTED]

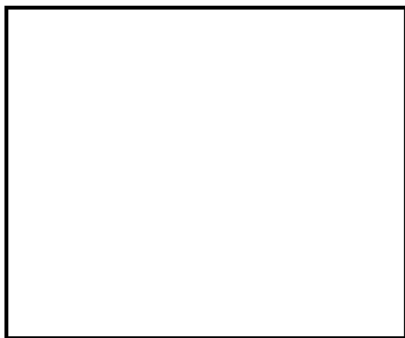
Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FCPA;
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Contact with attorney [REDACTED]

Details: On July 15, 2011, Las Vegas contacted local attorney [REDACTED] regarding the captioned matter. [REDACTED] represents the following individuals who have filed lawsuits against the Las Vegas Sands Corporation, and affiliated organizations and persons:



[REDACTED] was Sheldon Adelson's personal driver, and the remaining individuals were members of Adelson's executive protection detail. [REDACTED] and [REDACTED] have been terminated and the others continue to be employed in the detail.

[REDACTED] was amenable to potential contact between the FBI and his clients, and requested that the matter be further

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43742-11 [REDACTED]

205-LV-42084-98

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To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 07/15/2011

explored the following week. In the meantime, he said he would contact his office and have copies of the complaints filed in the United States District Court, District of Nevada, prepared for pick up by the FBI.

The copies of the complaints were received and are being maintained in a 1A envelope.

♦♦

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 07/26/2011

To: International Operations

Attn: UC [redacted]

SSA [redacted]

SSA [redacted]

FOS [redacted]

Asia Unit

Las Vegas

Attn: SA [redacted]

SA [redacted]

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From: Canberra

Sydney Sub-Office

Contact: ALAT [redacted]

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Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.
FOREIGN CORRUPT PRACTICES ACT
SENSITIVE INVESTIGATIVE MATTER

Synopsis: To document liaison by [redacted] and to cover lead set in referenced serial.

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Reference: 205-LV-42684 Serial 76

Details: On 04/06/2011 in referenced serial, Las Vegas advised [redacted] of captioned investigation. Las Vegas set a lead requesting [redacted] obtain contact information for [redacted] born [redacted] Australian Passport # [redacted] a potential witness in captioned case. Las Vegas also requested [redacted] coordinate with Australian authorities for U.S. law enforcement personnel to make telephonic contact with [redacted] to arrange a joint interview.

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On 04/15/2011, after coordinating with Las Vegas case agent SA [redacted] the writer developed a letter to the [redacted] requesting assistance in locating [redacted] and authorization for direct contact for the purpose of [redacted]

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Entered
#19/1 Stat
[redacted]

205-LV-42684-99
[redacted] 205-LV-42684 ser 76 COVER EC -7-26-11

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To: International Operations From: [REDACTED]
Re: 205-LV-42684, 07/26/2011

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arranging a joint FBI [REDACTED] interview. This letter was uploaded to captioned file as serial 80 and sent to the [REDACTED] on 04/19/2011.

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On approximately 04/20/2011, SA [REDACTED] advised prosecuting attorneys handling captioned matter had halted all witness interviews in order to provide time to review information already obtain and determine further actions. The writer advised the [REDACTED] team of this freeze on witness interviews, but requested contact information for [REDACTED] if available.

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[REDACTED] responded via unclassified e-mail to advise [REDACTED]

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[REDACTED] awaits further direction from Las Vegas regarding pursuit of an interview of [REDACTED] considers covered the lead set in referenced serial.

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To: International Operations From:
Re: 205-LV-42684, 07/26/2011

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LEAD(s) :

Set Lead 1: (Info)

ALL RECEIVING OFFICES

Read and clear.

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 07/27/2011

To: Las Vegas

From: Las Vegas

Squad 13

Contact: [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORPORATION;
FOREIGN CORRUPT PRACTICES ACT;
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Case update.

Details: On July 27, 2011, Las Vegas participated in a conference call with Department of Justice (DOJ) Trial Attorneys, a Security and Exchange Commission (SEC) attorney, Nevada Gaming Control Supervisor [REDACTED] and attorneys representing the Las Vegas Sands Corporation.

The purpose of the call was to receive an update from the Sands' attorneys regarding the production of documents in response to a subpoena served by the SEC.

The Sands' attorneys advised that their review of documents held in Las Vegas has not been completed, but after a review of approximately 400,000 hard documents they will be sending hard drives to DOJ, SEC, and the FBI. These hard drives are purported to contain 30,000 documents. These attorneys estimated that there were approximately 100,000 documents that may contain privileged information. Documents on the hard drives being forwarded include information relating to risk assessments, background documents, corporate policy documents, aviation records and manifests, Suspicious Activity Reports, and employee calendars.

The Sands' attorneys have hired a San Francisco firm, H5, to assist in the search process of documents in Las Vegas and

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[REDACTED] *ln*
[REDACTED]
205-LV-42684-1007-27-11

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To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 07/27/2011



Macau. They are continuing efforts to determine which documents, if any, they will be allowed to migrate from Macau to the United States. Their estimate was that they would be able to begin searching for documents in Macau in a week or so. They noted that no one from their firm, O'Melveny & Myers LLP, has met with anyone at Macau's Data Privacy Office.

The next status call was scheduled for August 15, 2011, at 1:00 p.m. (PST).

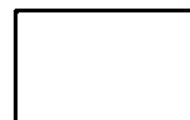
♦♦

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On August 4, 2011,  Senior Counsel, United States Securities and Exchange Commission, Washington, D.C., sent a copy of their subpoena, with attachments, via e-mail to the writer. This subpoena was addressed to  with a return date of August 5, 2011.

The copy sent to the writer is being maintained in a 1A envelope.



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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 08/15/2011

To: Las Vegas

From: Las Vegas

Squad 13

Contact: [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORPORATION;
FOREIGN CORRUPT PRACTICES ACT;
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Case update.

Details: On August 15, 2011, Las Vegas participated in a conference call with Security and Exchange Commission (SEC) attorneys, Nevada Gaming Control Supervisor [REDACTED] and attorneys representing the Las Vegas Sands Corporation, including [REDACTED] and [REDACTED]

The purpose of the call was to receive an update from the Sands' attorneys regarding the production of documents in response to a subpoena served by the SEC.

The Sands' attorneys advised that review of records continues, to include suspected privileged documents. Between six and ten O'Melveny & Myers associates are now in Macau to review data, and another team is in Hong Kong. [REDACTED] expected H5 would be delivering the first level of responsive documents sometime around the second week of November 2011. Stroz Friedberg, LLC is also involved in imaging and collating e-data.

The next status call was scheduled for September 12, 2011, at 1:00 p.m. (PST).

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205-LV-42684-102

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Monday, Sep. 12, 2011

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Weather Forecast



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Empowering Communities
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Las Vegas Urban League
A Nevada Community Action Agency



Business

Comments (10) | Add a comment
Back to Business

Documents reveal Chinese crime influence over Macau's casinos

BY HOWARD STUTZ
LAS VEGAS REVIEW-JOURNAL

Posted Sep 10 2011 | 1:50 a.m. **42**
X FBI

U S government officials admitted privately in October 2008 that Chinese organized crime was influencing certain aspects of Macau's casino industry, according to confidential cables obtained by the whistle-blower group Wikileaks

Nearly 600 private communications between the U S Consulate in Hong Kong and the State Department concerning Macau, going as far back as 2006, were collected and released by the group

The documents criticized the Macau government and its officials, including the former chief executive of the Special Administrative Region, and detailed a lack of oversight of the Macau casino industry by the enclave's regulators

Macau -- the only location in China where gaming is legal -- surpassed the Strip as the world's largest gaming market in 2006

Last year, Macau casinos collected a record \$23.5 billion. Through August, gaming revenues are up 47 percent over the first eight months of 2010.

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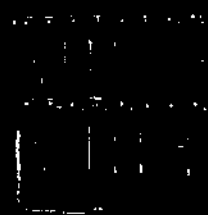


Other revelations

■ MGM Grand Macau President Grant Bowie said the company sought to sell its then-50 percent stake in the MGM Grand Macau as part of its "asset divestiture plans" in 2009. MGM Resorts never moved forward with a sale and decided to part with its holdings in Atlantic City after New Jersey gaming officials said its joint venture partner Hong Kong businesswoman Pansy Ho was found to be unsuitable by state regulators. On Friday, MGM Resorts Senior Vice



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hp

Three major Nevada companies, Las Vegas Sands Corp., Wynn Resorts Ltd., and MGM Resorts International, operate casinos in Macau. Current and former executives of the casino companies were cited or quoted in the documents.

None of the American casino operators was alleged to be tied to organized crime, according to the memos.

Counsel General Joseph Donovan told the State Department on Oct. 23, 2008, that American gaming executives in Macau thought Chinese junket operators, who act as the middlemen in bringing midmarket to high-end casino customers to various Macau casinos, were corrupt.

"They believe the operators are directly or indirectly involved with organized crime in Macau and the Mainland," Donovan wrote in a classified cable. "Macau's gaming executives criticized Macau's government as unsophisticated, opaque in its decision making and hamstrung by a recent corruption scandal."

The Wikileaks website has made headlines worldwide and caused consternation in diplomatic circles with a steady drip feed of hundreds of thousands of classified U.S. documents, particularly detailed and often intimate messages from State Department officials in foreign capitals to Washington, D.C.

While a few have breached national security, the cables have given a rare peek behind the curtain of international relations, often confirming events that are the subject of rumors and speculation but never spoken about in public.

The revelations in some of the leaked communications concerning Macau included the following:

- The Beijing government imposed restrictions on visits to Macau by mainland Chinese residents in 2008 and 2009 to "stem the rise of organized crime" by the junket operators.

According to Donovan, a senior U.S. gaming executive said "provincial officials

President Alan Feldman said there was never a formal or informal offer for the company's stake in the Macau casino. In 2009, MGM Resorts was building the \$8.5 billion CityCenter and facing internal financial issues.

- According to former Macau Chief Executive Edmund Ho, Las Vegas Sands Chairman Sheldon Adelson and Stanley Ho, a controversial Hong Kong billionaire and the father of Pansy Ho, had a long-running feud. Stanley Ho wanted the Macau government to take back several Las Vegas Sands construction sites on the Cotai Strip.

- During a June 2009 labor dispute at the Venetian Macau, (former) Sands China President Steve Jacobs threatened to "go across the street to Peoples Liberation Army (garrison) and ask for help" if Macau's leadership did not send local police to the casino.

- There was a difference in how executives from Las Vegas Sands, Wynn and MGM Resorts dealt with the Beijing government. According to a 2009 memo, Adelson "highly values direct engagement with Beijing," though his \$100 million Adelson Center for U.S.-China Enterprise in Beijing was forced to close by the government. Wynn Chairman Steve Wynn thought it was "disrespectful to Macau to be 'going to Beijing knocking on doors'." MGM Resorts said Pansy Ho was called to Beijing several times in 2009 to advise the government on developments in Macau.

in the Mainland increasingly provide sweetheart deals to junket operators in exchange for bank deposits or cash sums paid to officials upon arrival in Macau "

In the 2008 memo, Donovan said junket operators were paid approximately \$2.1 billion in 2007 by casinos, roughly 35 percent of the gaming revenues generated by their players

A executive with the casinos operated by Hong Kong billionaire Stanley Ho asserted "all of the junket operators are directly or indirectly involved with the (organized crime) triads "

In a cable dated September 2009, acting Counsel General Christopher Marut told the State Department that casino executives didn't think caps placed on what junket operators earned would solve problems

"(Former) Sands China President Steve Jacobs told us the caps will be routinely violated," Marut wrote. One reason Jacobs gave was that "junket operators maintain significant economic and political influence in Macau "

Executives from Las Vegas Sands and MGM Resorts expressed frustration with the Macau Gaming Inspection and Coordination Bureau, saying the regulatory agency ignored "widespread illegal practices" and didn't enforce its own reporting requirements on junket operators

Junket operators continue to do business in Macau in 2011

Contact reporter Howard Stutz at hstutz@reviewjournal.com or 702-477-3871. Follow @howardstutz on Twitter

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Federal Bureau of Investigation
Las Vegas CART

1787 West Lake Mead Boulevard
Las Vegas, NV 89106

REPORT OF EXAMINATION

To: Las Vegas
Special Agent Date: September 19, 2011

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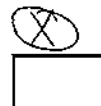
Case ID No.: 205-LV-42684

Lab No.: 100147

Reference: Communication dated September 1, 2011

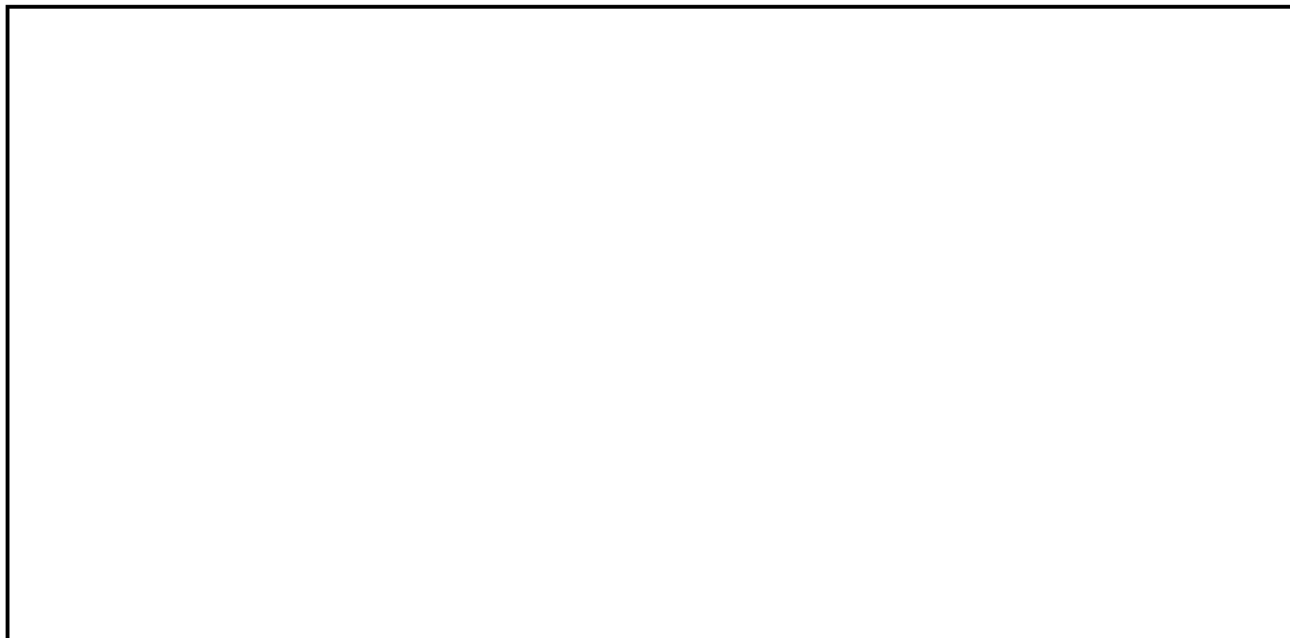
Ref No: Request ID: 39407

Title: LAS VEGAS SANDS CORP;
SANDS CHINA LTD;
FOREIGN CORRUPT PRACTICES ACT;
SENSITIVE INVESTIGATIVE MATTER



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Date specimens received: August 26, 2011



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Enclosures: 0
Page 1 of 2

~~For Official Use Only~~

#12

205-LV-42684-104

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#13

38246-11

Disposition of Evidence.

1B4 to be returned to evidence control. The original copy of all derivative evidence created was submitted as new evidence to the Evidence Control Technician. One copy of DELV4_2 was placed in a 1A envelope to be retained with the case file and one copy was provided to SA [REDACTED]. The examination notes and administrative documentation were placed in a 1A envelope and will be retained with the case file.

Examiner: [REDACTED]

Las Vegas Division
Computer Analysis Response Team

205LV-42684-105

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FEDERAL BUREAU OF INVESTIGATION
FACSIMILE COVER SHEET

PRECEDENCE

☐ Immediate☐ Priority☒ Routine

CLASSIFICATION

☐ Top Secret☐ Secret☐ Confidential☐ Sensitive☒ Unclassified

TO

Name of Office:

Yahoo! Inc.

Facsimile Number:

(408) 349-7941

Date:

09/26/2011

Attn:

Custodian of Records

Room:

Telephone Number:

FROM

Name of Office:

FBI Las Vegas

Number of Pages: (including cover)

3

Originator's Name:

Originator's Telephone Number:

Originator's Facsimile Number:

Approved:

DETAILS

Subject:

Special Handling Instructions:

Brief Description of Communication Faxed:

Preservation Letter

WARNING

Information attached to the cover sheet is U.S. Government Property. If you are not the intended recipient of this information disclosure, reproduction, distribution, or use of this information is prohibited (18.U.S.C. § 641). Please notify the originator or local FBI Office immediately to arrange for proper disposition.

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U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

1787 West Lake Mead Boulevard
Las Vegas, Nevada 89106

September 26, 2011

Yahoo! Inc.
701 First Avenue
Sunnyvale, California 94089
Tel: 408-349-3687
Fax: 408-349-7941

Re: Request for Preservation of Records as to
Email Addresses: [redacted] or other
Email accounts for which the subscriber is
[redacted] aka [redacted]

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To whom it may concern:

Pursuant to Title 18, United States Code Section 2703(f), this letter is a formal request for the preservation of all stored communications, records, and other evidence in your possession regarding the above-listed Email accounts pending further legal process.

I request that you not disclose the existence of this request to the subscriber or any other person, other than as necessary to comply with this request. If compliance with this request might result in a permanent or temporary termination of service to the Account, or otherwise alert any user of the Account as to your actions to preserve the information described below, please contact me as soon as possible and before taking action.

I request that you preserve, for a period of 90 days, the information described below currently in your possession in a form that includes the complete record. This request applies only retrospectively. It does not in any way obligate you to capture and preserve new information that arises after the date of this request. This request applies to the following items, whether in electronic or other form, including information stored on backup media, if available:

1. The contents of any communication or file stored by or for the Account and any associated accounts, and any information associated with those communications or files, such as the source and destination email addresses or IP addresses.
2. All records and other information relating to the Account and any associated accounts including the following:

- a. subscriber names, user names, screen names, or other identities;
- b. mailing addresses, residential addresses, business addresses, e-mail addresses, and other contact information;
- c. length of service (including start date) and types of service utilized;
- d. records of user activity for any connections made to or from the Account, including the date, time, length, and method of connections, data transfer volume, user name, and source and destination Internet Protocol address(es);
- e. telephone records, including local and long distance telephone connection records, caller identification records, cellular site and sector information, GPS data, and cellular network identifying information (such as the IMSI, MSISDN, IMEI, MEID, or ESN);
- f. telephone or instrument number or other subscriber number or identity, including temporarily assigned network address;
- g. means and source of payment for the Account (including any credit card or bank account numbers) and billing records;
- h. correspondence and other records of contact by any person or entity about the Account, such as "Help Desk" notes; and
- i. any other records or evidence relating to the Account including voicemails and text messages.

If you have data responsive to this request or if you have questions regarding this request, please call me or FBI Special Agent [redacted] [redacted] at [redacted] Thank you.

Sincerely,

Kevin Favreau
~~Special Agent in Charge~~

[redacted]
Supervisory Special Agent

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 10/13/2011

To: Atlanta

Attn: SA [REDACTED]

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From: Las Vegas

Squad 13

Contact: [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FOREIGN CORRUPT PRACTICES ACT;
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Request assistance of Atlanta Division

Administrative: Reference telcall between Special Agent

[REDACTED] Las Vegas Division, and SA [REDACTED]
Atlanta Division, on October 13, 2011.

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Details: On November 30, 2010, Las Vegas Division opened a full investigation into the Las Vegas Sands Corporation, a U.S. issuer based in Las Vegas, and its majority-owned subsidiary, Sands China Ltd. Company executives and agents are alleged to have made bribe payments to public officials in the People's Republic of China to benefit the company's casino-related interests in Macau.

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[REDACTED] of Las Vegas Sands Corp.'s operations in Macau, contacted the Department of Justice, Fraud Section, through an attorney, to report what may have been improper payments by Sands China Ltd. to a foreign government official.

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In his former position with Las Vegas Sands Corp., [REDACTED] fired an individual by the name of [REDACTED] another Sands employee in Macau, who may have been a central figure in the alleged illegal activity. Upon his termination, [REDACTED] gave his company cell phone to [REDACTED] has this cell phone and

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66891-11. [REDACTED]

205-LV-42684-106

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To: Atlanta From: Las Vegas
Re: 205-LV-42684, 10/13/2011

has agreed to turn it over to the FBI for CART review and analysis.

[redacted] lives at [redacted]
[redacted] The best number to reach [redacted] is [redacted]

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[redacted] attorney, [redacted] has
requested that, prior to calling [redacted] Atlanta touch base with
him. He is aware of the situation and concurs with [redacted]
turning the telephone over to the FBI.

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It should be noted that both [redacted] and [redacted]
[redacted] have used the phone. [redacted] advised Las Vegas that
nothing is password protected on the phone.

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To: Atlanta From: Las Vegas
Re: 205-LV-42684, 10/13/2011

LEAD(s) :

Set Lead 1: (Action)

ATLANTA

AT ATLANTA

Will contact attorney [] at [] to advise him regarding the scheduling of retrieving the cell phone from [] Will contact and arrange to pick up the cell phone from [] at [] Will have both [] and his wife sign Consent to Search forms, and will forward the consent forms and cell phone to Las Vegas.

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Las Vegas appreciates Atlanta's assistance.

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/16/2011

The below reflects an interview of [] via teleconference, after [] was advised of the identity of the interviewing agent and the nature of the interview.

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The interview was led by [] Senior Counsel, UNITED STATES SECURITIES AND EXCHANGE COMMISSION, Division of Enforcement, and [] DEPARTMENT OF JUSTICE, Fraud Section. Also on the line was [] legal counsel, []

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[] provided the following information:

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Sometime around May or June 2009, [] requested a payroll audit for employees of the LAS VEGAS SANDS CORPORATION (LVSC) in Macau. The name [] appeared on their pay records but there did not appear to be anyone by that name actually working for them. No one in Human Resources knew anything about why this person was being paid.

Eventually, [] learned that [] MACAU, and [] General Counsel, VENETIAN MACAU, were aware of [] and that she had been terminated. They both said that there was a story there, referring to [] but neither claimed to have further information. [] later learned that [] did know the story and was the one that fired []. To [] knowledge, [] did not know what had happened.

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[] found out that [] had been terminated approximately sixteen to eighteen months prior to the payroll audit done in the Spring of 2009. He discovered that a contract had been agreed upon between [] and LVSC, prior to her termination, in which she would remain on the payroll.

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In June 2009, [] made the decision that [] would no longer be paid as she was not working for the company. Legal Counsel, [] agreed with this action. In an e-mail between [] and [] they noted that as there did not appear to be a severance agreement, there may be an appearance of a bribe or bribes being paid. At some point [] heard that [] had been a whistle blower and had been fired. During the Spring of 2009, [] spoke with [] and SHELDON ADELSON about []. He had a personal conversation with ADELSON in which ADELSON said he

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Investigation on 9/16/2011 at Las Vegas, Nevada (telephonically)

File # 205-LV-42684

Date dictated 9/16/2011

by SA []

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This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency, it and its contents are not to be distributed outside your agency.

66893-11

205-LV-42684-107

205-LV-42684

Continuation of FD-302 of [REDACTED]

, On 9/16/2011, Page 2

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knew what had happened with [REDACTED] and told [REDACTED] that he, [REDACTED] did not need to know the details. In person to person conversations and telephone calls, between [REDACTED] and [REDACTED] told him that [REDACTED] had been a whistle blower and had been fired.

During the Spring of 2010, [REDACTED] became aware of an investigation being conducted by the Chinese government via the STATE ADMINISTRATION OF FOREIGN EXCHANGE/WHOLLY OWNED FOREIGN EXCHANGE (SAFE/WOFE) into the LVSC. SAFE/WOFE was looking into the alleged inappropriate movement of money into China by LVSC for purposes other than stated. [REDACTED] was told that this was an issue that he did not need to know about.

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[REDACTED] was an Executive Vice President for China Development for LVSC, and was tied to the investigation. [REDACTED] (phonetic) was the chief officer of the Investigation Division of SAFE and led the investigation.

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[REDACTED] Senior Vice President of Finance at VENETIAN MACAU, was asked to address the investigation on behalf of LVSC. [REDACTED] was at a meeting with outside legal counsel, [REDACTED] of MCDERMOTT, WILL & EMERY, and LVSC attorneys [REDACTED] and [REDACTED]. [REDACTED] heard from [REDACTED] that LVSC was found guilty in the SAFE investigation. [REDACTED] subsequently made a request, via e-mail, to [REDACTED] for details. [REDACTED] told [REDACTED] that they had been found guilty regarding the first of three investigations being conducted. He said that it would be one to three years before they would know what was going to happen.

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Eventually, [REDACTED] learned that the SAFE investigation was looking into money sent to China by LVSC, purportedly to buy a basketball team, and to buy, or build an arena for the team. As it turned out, the money was supposedly used to buy, or build the ADELSON CENTER in Beijing, and to furnish and equip the building. An individual known only to [REDACTED] as [REDACTED] (phonetic) was supposed to be the person through whom they were buying the team and arena. [REDACTED] was somehow involved with operations in HengQuin (phonetic) and Cotai, and had owned a soccer team. Both [REDACTED] and [REDACTED] were also involved in the transaction. At that time, [REDACTED] was the Senior Vice President of Finance and Chinese Investments, reporting to [REDACTED]. Regarding this deal, however, [REDACTED] was working with [REDACTED] kept the books on this deal.

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According to [REDACTED] the ADELSON CENTER was supposed to be a facility for training, education, and as a meeting place. [REDACTED]

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205-LV-42684

Continuation of FD-302 of [REDACTED]

, On 9/16/2011 , Page 3

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explained that the center was, according to his understanding at the time, to be built around a business philosophy popular in China referred to as Meeting, Incentive, Convention and Exhibition (MICE).

[REDACTED] went to the ADELSON CENTER while in BEIJING, and discovered that the money had not been used to buy or build the offices. He arranged for the furniture and equipment housed in the building to be packed up and shipped to LVSC headquarters at Zhuhai. In conversation with [REDACTED] sometime around April 2010, [REDACTED] learned that of the \$100 million allegedly used to buy/build the center, \$20 million had been spent on furniture and equipment, with \$40 million for actual construction. As it turned out, LVSC did not actually own the building. He did not know what happened to the title for the property or if a lease existed. [REDACTED] estimated the value of the furniture and equipment he had removed to be approximately \$4 to \$6 million.

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[REDACTED] later told [REDACTED] regarding the above deal, that [REDACTED] was the bad guy in this case.

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In May/June 2009, [REDACTED] fired [REDACTED] and his group, which included someone [REDACTED] referred to as the [REDACTED] and [REDACTED] not because of the SAFE investigation, but because there was no role for them in the company. [REDACTED] explained that the company was fighting for its economic life in China.

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Sometime around the Winter of 2009 or the Spring of 2010, the ferry issue came to his attention. A review of the LVSC agreement with their ferry provider, CKS, led him to characterize it as unethical or outright thievery. It was discovered that COUNTRY BOY FOODS, a service provider for CKS, whom LVSC was paying a substantial amount of money, had stored fourteen months supply of food at a warehouse rather than provide it to the ferry service. [REDACTED] could not immediately find out, in Macau, how they got in to this agreement with CKS in the first place.

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Prior to the agreement with CKS, the company had a contract with HKS/COTAI SERVICE for ferry service. This agreement was replaced by [REDACTED] with CKS, according to [REDACTED] who was in charge of the VENETIAN MACAU LIMITED office in Zhuhai.

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Nobody knew why CKS got the contract, but the deal was brokered by [REDACTED] in Las Vegas. [REDACTED] wanted to utilize HKS because the costs were less, and they were reportedly as good, if

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205-LV-42684

Continuation of FD-302 of _____, On 9/16/2011, Page 4

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not better than CKS. Additionally, HKS had a larger fuel farm which would also address costs and efficiency. After reviewing the process, _____ spoke to ADELSON about the CKS contract, but ADELSON told him that _____ had been responsible for the deal.

_____ found out that LVSC's business partner, _____ had also been involved in introducing CKS to the VENETIAN MACAU. It was _____ understanding that _____ and _____ looked at different ferry service providers, with _____ in the lead.

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At this point in the interview SEC Senior Counsel _____ e-mailed a copy of an e-mail from _____ to _____ dated March 22, 2010, 5:14 a.m., regarding COTAIJET, Fill the boats initiative, to _____ to be forwarded to _____ for review. After reviewing the e-mail, _____ said that he had called SHELDON ADELSON, and that ADELSON had reacted badly to an anonymous employee letter alleging improper favoritism to travel agents regarding the COTAIJET service. ADELSON became animated when _____ name came up. ADELSON wanted to shut the ferry service down. He was upset because he believed that _____ and _____ were profiting from the ferry contract. _____ shared with ADELSON what he knew to be false, that the accusations of price fixing for ferry tickets and favoritism to travel agents was unfounded. _____ was able to convince ADELSON not to shut the ferry service down because it would hurt their business, but he, ADELSON, demanded that an investigation be done.

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An individual whom _____ could only identify as _____ (phonetic) was the CEO of CKS at this time and was very angry over the accusations being framed, and because _____ was looking to renegotiate the ferry contract. _____ was further upset because _____ was also speaking with representatives of HKS. _____ brought the issue up to a _____ (phonetic) and _____ who, subsequently, began working to remove _____

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_____ (phonetic) and _____ looked into the ticketing and travel agent aspect and found no wrongdoing.

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_____ noted that while working for LVSC, that it was not uncommon for him to receive anonymous employee e-mail complaints. The investigation referred to above was completed before he left the company. _____ did not have a copy of the report that was compiled, but believed that _____ may have a copy.

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205-LV-42684

Continuation of FD-302 of _____, On 9/16/2011, Page 5

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When _____ left the company, the ferry contract was in limbo, but _____ was reviewing the contracts. _____ was working on the ferry question, and speaking with HKS, but nothing was concluded prior to _____ leaving.

After _____ was terminated, _____ told _____ that _____ got the company involved in stuff the company should never have been involved with.

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_____ was aware that _____ wanted to talk with him before he left the company and got her contact information through _____. They e-mailed one another in October 2010, but did not speak until Spring 2011.

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_____ knew that _____ was tied to the ADELSON CENTER and the alleged purchase of a basketball team. _____ sent an e-mail to _____ stating his curiosity about the ferries and his interest in talking to her. _____ agreed that they should talk.

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As an aside, _____ said that when _____ was terminated, _____ gave his cell phone to _____ used this phone while he was still working for LVSC. He had intended to erase _____ contact list and day manager from the phone, but believed that he had not.

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_____ and _____ agreed to meet at a STARBUCKS at the MGM in Las Vegas sometime around June 2011. _____ told him that she had been following his case closely and that several current and past employees of LVSC were on his side. She told him that he did not know half of what had taken place regarding favors and bribes paid to officials. _____ claimed to have an audit trail for the \$100 million that LVSC had sent to China.

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_____ said that LVSC set out to find an operator for the ferry business, and that there was a joint venture and management contract between LVSC, the Macau government, and the Zhuhai (phonetic) government to work on this. She noted that HengQuin Island (phonetic) was three times the size of Macau and would offer diversification for the Macau economy.

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_____ was part of the working group dealing with the ferry issue and it was their decision to go with HKS. _____ as noted above a business partner of LVSC, and an advisor to SHELDON ADELSON, was also brought in to address the ferry issue. _____ suggested they go with CKS as it was a subsidiary of CCKS, a

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205-LV-42684

Continuation of FD-302 of [redacted], On 9/16/2011, Page 6

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Chinese government sponsored entity. It was his opinion that this would be more favorable to LVSC, in that it would enhance their chances of a joint development with management rights regarding the ferry service with HengQuin Island.

[redacted] said this whole thing was a sham. The money was funneled to [redacted] and [redacted] who was a member of the CPCC, and they used the money to bribe government officials. The subsequent CKS agreement allowed them to identify their own management company. The management company took money from LVSC to make a pay out to either:

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- 1) low level employee(s) of CKS and friend(s) of [redacted] but eventually the money was to go to [redacted] or to [redacted]
- 2) the girlfriend or something like one of many wives of a member of the Chinese government, with the money getting into the hands of the government official, and
- 3) money going to [redacted] as well

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[redacted] said that she had a copy of the co-management contract regarding this.

[redacted] told [redacted] that she met the above referenced girlfriend at a signing dinner for the CKS contract, and that they eventually became friends. [redacted] has e-mails from the girlfriend and that was how she found out about the ADELSON CENTER and basketball team deals.

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[redacted] said that on the night of the dinner party for the CKS contract signing she knew everybody at her table except for this woman. About eight or ten months after the dinner party, [redacted] received a call from her complaining that [redacted] was demanding more money for his role. This prompted [redacted] to do some digging and she found disbursements, from LVSC books that she maintained, to [redacted] for \$1 to \$2 million. She brought this up to [redacted] and he told her that this was a loan to [redacted] and that he, [redacted] would pay it back.

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At this point, [redacted] began keeping separate books, as did the controller in their Zhuhai office, who kept a mirror image copy. [redacted] noted that LVSC kept an office in Zhuhai because labor there was so much cheaper, and that the office there was run by [redacted]. He also noted that [redacted] speaks Chinese.

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205-LV-42684

Continuation of FD-302 of [REDACTED], On 9/16/2011, Page 7

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[REDACTED] noticed a series of invoices regarding the ADELSON CENTER and the basketball team, and that money was going out for the ADELSON CENTER but there were no invoices or contracts regarding these outgoing funds. [REDACTED] told her about it because he spoke to [REDACTED] and SHELDON ADELSON daily and it was all taken care of. [REDACTED] saw \$100 plus million go to China, but ADELSON made some public comments about the HengQuin Island project which the government of Macau found inappropriate and they decided to kill the deal.

[REDACTED] called [REDACTED] and told her about all the money and checks that had been spent to secure the deal, and that ADELSON told him to get the money back from CKS and [REDACTED] said that she received an e-mail from [REDACTED] that was in Chinese spelling this out, and that she would give a copy to [REDACTED] if he promised to keep her name out of the fray. She said that she had a copy of a letter from [REDACTED] to [REDACTED] requesting the return of the money.

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When [REDACTED] reported her findings to LVSC she was terminated. [REDACTED] was the one given the responsibility for informing her of her termination. [REDACTED] retained an attorney. Not long after this she received a call from [REDACTED] General Counsel, LVSC, asking if they could work something out. [REDACTED] told [REDACTED] to give her a number that would satisfy her. After some consideration, [REDACTED] came up with an amount she believed to be outrageous, \$500,000.00, and told [REDACTED] that was what she wanted. About three to five hours later, [REDACTED] called her back and agreed to that amount. [REDACTED] was told that [REDACTED] and [REDACTED] Vice President-Legal Business Development, LVSC, would have to structure the payment so that it would not raise red flags. They told her they would hire her as a consultant to investigate the claims she had made.

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As it turned out she stopped receiving payments in May/June 2009. [REDACTED] told [REDACTED] it was him that had stopped her being paid. [REDACTED] told him that LVSC never reached out for her consulting services regarding the investigation into her claims.

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[REDACTED] told [REDACTED] she would give him access to all the information she had, but he had to keep her out of it. She wanted protection from SHELDON ADELSON because she believed he could see that she would never be able to work in the industry again, and she would not want to fight him. [REDACTED] did not say if she reported her findings to anyone else.

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205-LV-42684

Continuation of FD-302 of _____, On 9/16/2011, Page 8

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SEC Senior Counsel _____ asked _____ if he had ever heard of the CITS GROUP. Initially, _____ said that this group did not sound familiar, but when his attorney asked if this could be CHINA INTERNATIONAL TRAVEL SERVICE, _____ recalled the name. _____ said that at one time LVSC wanted the CEO of CITS to sit on their board, but Beijing would not allow it. _____ also said that _____ and _____ had been involved in efforts to create or buy travel agencies throughout China, on behalf of LVSC.

_____ said that _____ stopped speaking to him and he believed this was because the news service, REUTERS, found her. _____ said they found her through _____ (phonetic). _____ ran or was involved with the ferry audit team on the HengQuin Island project. _____ received a call from _____ an associate of _____ at REUTERS informing him that they had located _____

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_____ said that _____ called him yesterday (September 15, 2011) to inquire about what was going on with _____ and his civil attorney, _____ told him that his team made headway looking into the ferry situation and that they found _____. They had uncovered several transactions involving _____ and the ferries which had not gone well. They also said they tried to speak with _____ but she would not discuss the ferries or HengQuin Island.

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UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 12/06/2011

To: Operational Technology

Attn: Pocatello CART Laboratory

FE [REDACTED]

CART-OSU

West Region

SSA [REDACTED]

Las Vegas ✓

Attn: Evidence Control Technician

From: Las Vegas

Squad 13

Contact: [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending) - 110

Title: LAS VEGAS SANDS CORP.;

FCPA;

SENSITIVE INVESTIGATIVE MATTER

Synopsis: Set lead to Operational Technology Division (OTD), Pocatello CART Laboratory, requesting a forensic examination of the submitted item as listed below, 1B6.

Package Copy: Being forwarded under separate cover for OTD, CART-FAU at Pocatello is 1B6, Barcode E4497464:

1B6 is further described as one Blackberry cell phone, model 9000 PRD, bearing the following numbers: 12528-016, and IMEI 980042000606968.

Also enclosed for Pocatello are copies of consent forms signed by [REDACTED] and [REDACTED] and one letter from [REDACTED] Deputy Chief, Fraud Section, U.S. Department of Justice, dated 11/28/2011, and letter from [REDACTED] O'Melveny & Myers LLP, dated 12/5/2011.

Details: During investigation of captioned case, Las Vegas became aware that former Las Vegas Sands Corporation executive [REDACTED] was in position of the above described cellular telephone. This cell phone is the property of the Las Vegas

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66896-11 [REDACTED]

205-LV-42684-110

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UNCLASSIFIED

To: Operational Technology From: Las Vegas
Re: 205-LV-42684, 12/06/2011

Sands Corporation. After having received this phone from former Sands China executive [redacted] and his wife made personal use of the phone.

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[redacted] told Las Vegas that this cell phone may contain information that may be pertinent to the captioned investigation, to include contact lists and, possibly, various electronic messages, etc. [redacted] through his attorney, [redacted] agreed to provide the phone to the FBI for forensic examination.

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As the phone remains the property of the Las Vegas Sands Corporation, [redacted] Deputy Chief, Fraud Section, U.S. Department of Justice, confirmed their concurrence that the FBI examine the phone as noted in the letter included with the package. Per letter from [redacted] to [redacted] and [redacted] response, the FBI will not review the results of the examination by the FBI. The phone will be sent to Washington, D.C. to be examined by experts retained by O'Melveny & Myers for attorney-client and work product privileges.

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FE [redacted] Lab Manager, HQ-CART Pocatello Lab has been made familiar with this request via telcall between himself and Las Vegas Special Agent/CART Examiner [redacted] [redacted] on December 1, 2011.

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UNCLASSIFIED

UNCLASSIFIED

To: Operational Technology From: Las Vegas
Re: 205-LV-42684, 12/06/2011

LEAD(s) :

Set Lead 1: (Action)

OPERATIONAL TECHNOLOGY

AT POCATELLO, ID

Las Vegas Division requests that Pocatello CART process the cell phone with any tool that would obtain the maximum data, to include, but not be limited to, [REDACTED]

[REDACTED] Upon completion of examination, it is requested that Pocatello return 1B6 to Las Vegas so that item may be forwarded as noted above.

b7E

Set Lead 2: (Info)

OPERATIONAL TECHNOLOGY

AT QUANTICO, VA

For CART-OSU West Region SSA-With approval from the Las Vegas Division's CART Forensic Examiner SA [REDACTED] and the case agent [REDACTED] the Las Vegas Division is sending Pocatello CART the cellular telephone to conduct examinations as noted above.

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Set Lead 3: (Info)

LAS VEGAS

AT LAS VEGAS

ECT is requested to package 1B6 and ship to:

FBI Pocatello CART
Attn: [REDACTED] Evidence Control
3975 Pole Line Road
Pocatello, ID 83201

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UNCLASSIFIED



Federal Bureau of Investigation
Las Vegas CART

1787 West Lake Mead Boulevard
Las Vegas, NV 89106

REPORT OF EXAMINATION

To: Las Vegas
Special Agent

Date: November 14, 2011

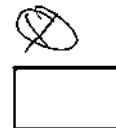
Case ID No.: 205-LV-42684

Lab No.: 99080

Reference: Communication dated August 3, 2011

Ref. No: Request ID: 38783

Title: LAS VEGAS SANDS CORP;
SANDS CHINA LTD;
FOREIGN CORRUPT PRACTICES ACT;
SENSITIVE INVESTIGATIVE MATTER



Date specimens received: August 3, 2011

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Enclosures: 0
Page 1 of 3

~~For Official Use Only~~

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#1
205-LV-42684-111

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205-LV-42684
99080
Page 2 of 3

~~For Official Use Only~~

Disposition of Evidence:

1B1 to be returned to evidence control. The original copy of DELV1_1 was submitted as new evidence to the Evidence Control Technician. The examination notes and administrative documentation were placed in a 1A envelope and will be retained with the case file.

Examiner: _____

(S)

Las Vegas Division
Computer Analysis Response Team

b6
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Federal Bureau of Investigation
Digital Evidence Laboratory

FBI Pocatello CART
3975 Pole Line Road
Pocatello, ID 83201

REPORT OF EXAMINATION

To: Las Vegas
Attention: SA

Date: December 21, 2011

Case ID No.: 205-LV-42684

Lab No.: 104015

Reference: Communication dated December 6, 2011 ☒

Ref. No.: CART Database Submission 104015

Title: LAS VEGAS SANDS CORPORATION;
SANDS CHINA LIMITED; FCPA
SENSITIVE INVESTIGATIVE MATTER

Date specimen received: December 21, 2011

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205-LV-42684
104015
December 21, 2011
Page 2 of 3

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Examiner



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b7C

Operational Technology Division
Pocatello CART Laboratory
Computer Analysis Response Team

205-LV-42684
104015
December 21, 2011
Page 3 of 3

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UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 01/11/2012

To: Las Vegas

Attn: ECC

From: Las Vegas

Squad 13

Contact: [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORPORATION;
FCPA;
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Ship cell phone.

Details: By letters between [REDACTED] Deputy Chief, Fraud Section, United States Department of Justice to [REDACTED] O'Melveny & Myers, LLP, dated November 28, 2011, and [REDACTED] letter to [REDACTED] dated December 5, 2011, it was agreed that a cell phone turned over to the FBI by [REDACTED] would be forwarded to Stroz Friedberg upon completion of imaging by the FBI.

The cell phone is 1B6, and is further described as a Blackberry 9000 PRD, bearing the following numbers:

12528-016, IMEI 980042000606968

FBI Las Vegas CART has completed its imaging and the cell phone is ready to be forwarded. In a letter addressed to Stroz Friedberg Evidence Technician [REDACTED] she is requested to sign and return the original of the accompanying FD-597 to FBI Las Vegas.

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39286 _12, [REDACTED]

205-LV-42684-114

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UNCLASSIFIED

To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 01/11/2012

LEAD(s) :

Set Lead 1: (Action)

LAS VEGAS

AT LAS VEGAS ECC

Las Vegas ECC is requested to package item 1B6 of captioned case and ship to Stroz Friedberg, 1925 Century Park East, Suite 1350, Los Angeles, California 90067, to the attention of [REDACTED] Evidence Technician. Included in the package will be the FD-597 and a copy of the above mentioned letter.

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UNCLASSIFIED

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 01/04/2012

To: Las Vegas

From: Las Vegas

Squad 13

Contact: [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORP.;
FCPA;
SENSITIVE INVESTIGATIVE MATTER

Synopsis: Document theft of property from [REDACTED]

Details: On January 3, 2012, [REDACTED] called Las Vegas to advise that he had been the victim of a theft when person(s) unknown entered his condominium located at [REDACTED] and took a hard drive and a box of files relating to the above captioned case. The hard drive was a mirror image of the drive on his laptop which also contained data regarding captioned case. He discovered the theft on the same day he called Las Vegas Division.

[REDACTED] advised that earlier in December, sometime around the 19th or 20th, he had visited the condo with his father-in-law, and as they approached the unit he noticed that the door was open. He told his father-in-law to wait outside while checked to make sure no one was in the condo. Having determined that no one was there he told his father-in-law that it was safe to come in. [REDACTED] did not notice anything unusual about the state of the unit, nor did it appear that anything had been taken.

[REDACTED] called the landlord, [REDACTED] and relayed the story to him. [REDACTED] told him that this was possibly his fault as there had been some water damage to the condo and he had opened the condo so that repairs could be made. [REDACTED] told the interviewing agent that there had clearly been water damage.

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205-LV-42684-115

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UNCLASSIFIED

To: Las Vegas From: Las Vegas
Re: 205-LV-42684, 01/04/2012

On either December 27 or 28, 2011, [] visited the condo again and, once again found the door opened. He did not notice, at the time that anything was missing. It was not until January 3, 2012, when he decided to do some work with the files that he noticed they were gone. When he looked in the coffee maker in which he kept the hard drive he discovered that it too was missing.

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When he contacted [] the second time about the open door, the landlord said he had no idea why the door would be opened.

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[] contacted the local police and filed a crime report.

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During a subsequent call with FBI Las Vegas on January 4, 2012, [] said that he had a long term rental agreement for the condo, and that about five or six months ago the entire property had been put up for sale. [] told [] the landlord's wife, that she should not show his unit unless she was present. Only [] knew he was storing files in his unit until the first open door incident when he also told [] that there were files there.

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According to [] only [] and [] had keys to his unit. The cleaning lady, who [] said never cleaned his unit, would have had to obtained a key from the landlord to enter his unit. [] knew that a worker had been in his unit at one time because he had walked in on him while he working. [] does not sublet the condo.

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[] and [] can be reached at []

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UNCLASSIFIED



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

1787 West Lake Mead Boulevard
Las Vegas, Nevada 89106
January 9, 2012

[redacted]
Evidence Technician
Stroz Friedberg
1925 Century Park East
Suite 1350
Los Angeles, California 90067

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Dear [redacted]

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b7C

In a telephone conversation between [redacted]
Director, Digital Forensics, Stroz Friedberg, and Special Agent
(SA) [redacted] of our office, on January 9, 2012, it was
agreed that SA [redacted] would forward a cellular telephone
purported to have been utilized by [redacted] to you for
examination. Access to the phone is not password protected.

The cellular telephone is described as follows:

One Blackberry 9000 PRD, bearing the following numbers:
12528-016, IMEI 980042000606968

The device is being sent in a separate package.
Accompanying the device is our form FD-597, describing the device
as above. Please sign the form in the area of the lower left
corner marked, "Received By:" and return the original and one
copy to the attention of SA [redacted] at the above address of the
Las Vegas office of the Federal Bureau of Investigation. If you
have any questions regarding this matter you may contact
SA [redacted] at [redacted]

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1-205-LV-42684

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39287-12. [redacted]

205-LV-42684-116

Sincerely,

Kevin Favreau
Special Agent in Charge

By:

[Redacted Signature]

Supervisory Special Agent

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Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 07/16/12 Time: 16:33

Case ID: 205-LV 42684 Serial: 117

Description of Document:

Type : EC
Date : 02/10/12
To : LAS VEGAS
From : LAS VEGAS
Topic: [REDACTED]

Reason for Permanent Charge-Out:

Incorrect CHS reporting

RDU APPROVED A PCO ON 07/16/2012, FOR SERIAL 117 AS REQUESTED BY
SA [REDACTED] SINCE DOCUMENT REVEALED A PERSON'S TRUE NAME.

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Employee: [REDACTED]

205-LV-42684-117

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 01/20/2012

[redacted]
[redacted] agreed to be interviewed at the Las Vegas office of the
FEDERAL BUREAU OF INVESTIGATION (FBI) after being advised of the
identity of the interviewing agent and the nature of the interview.
[redacted] provided the following information:

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She is a Certified Public Accountant (CPA) having sat for
and passed the examination both in the Philippines and the United
States.

She moved to [redacted] from [redacted] in
1984. In December 1986, she moved to Las Vegas. Between April
1997 and February 2002, she was an auditor at the NEVADA GAMING
CONTROL BOARD (NVGCB) in Las Vegas. From April 2005, to September
2008, she was employed as the Casino Controller at the VENETIAN in
Las Vegas. From November 2010 to September 2011, she was the
Director of Compliance at the VENETIAN MACAU, in Macau.

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While operating as the Casino Controller at the VENETIAN
in Las Vegas she was responsible for managing the casino accounting
department, and her supervisor was [redacted] Director of
Accounting Operations. When the PALAZZO opened she was given
responsibility to manage its casino accounting department as well.
Among her responsibilities, [redacted] was tasked with preparing the
daily revenue audit, compliance with Title 31 matters (anti-money
laundering issues), the review of all monetary transactions that
were reportable, and suspicious transactions that were reportable.

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[redacted] noted that she and the Vice President of
Compliance at the VENETIAN in Las Vegas, [redacted] worked on the
same team at the NVGCB prior to coming to the VENETIAN. In Macau,
[redacted] reported to [redacted] who remained in Las Vegas.

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Upon being appointed as Director of Compliance at the
VENETIAN MACAU (VM), [redacted] was responsible for liaising with
three Macanese government agencies:

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GIF, which she likened to the United States Treasury
Department's Financial Crimes Enforcement Network.

b6
b7CInvestigation on 1/17/2012 at Las Vegas, NevadaFile # 205-LV-42684Date dictated 1/20/2012

by SA [redacted]

39300-12 [redacted]

205-LV-42684-118

205-LV-42684

Continuation of FD-302 of [REDACTED]

, On 1/17/2012, Page 2

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The Monetary Authority of Macau, because of the need to monitor banking activity, in particular as the casino cage did foreign currency exchanges.

The Macau Gaming Control Board, which she said she dealt with on a daily basis as they had personnel stationed in the casino. The Macau Gaming Control Board monitored all money drops in the casino.

During the time she worked in Macau, [REDACTED] was the General Counsel for all three LAS VEGAS SANDS CORPORATION (LVSC) properties in Macau. [REDACTED] took seriously the Macau Data Privacy Law. He required that she pass any information which was to leave Macau to him to insure that they were in compliance with the privacy law. [REDACTED] wanted to make sure that no sensitive personal information regarding customers or employees was released to the United States that might violate the Macau Data Privacy Law. [REDACTED] also had to deal with NVGCB reporting requirements.

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Another of [REDACTED] responsibilities was training. In April 2011, she was asked by [REDACTED] to arrange Foreign Corrupt Practices Act (FCPA) training for pertinent employees in Macau. A law firm out of New York, whose name [REDACTED] could not immediately recall provided the training. The training was presented to most of the management staff, purchasing, marketing and cage employees. Employees in Finance received two hours training, and most of the rest of the departments received one hour of training in basic FCPA matters. Some employees only received about thirty minutes training. The crux of the training, to the best of her recollection was that employees were not allowed to bribe government officials to receive favorable business considerations, and that they needed to insure that they kept complete records of their dealings with government officials.

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[REDACTED] said that this training had been done for all properties in Macau, annually, since 2009, and that the training was done at VM.

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At this point in the interview [REDACTED] was asked if she knew the following individuals:

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[REDACTED] identified him as the [REDACTED] of the LVSC. [REDACTED] came to Macau every quarter to participate in the SANDS CHINA board of directors meetings.

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205-LV-42684

Continuation of FD-302 of [REDACTED], On 1/17/2012, Page 3

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[REDACTED] was gone by the time she got to Macau. She never saw or met [REDACTED]

b6
b7C

[REDACTED] she knew him from quarterly management meetings while she worked at the VENETIAN in Las Vegas.

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[REDACTED] she had heard of him, but he was gone by the time she arrived in Macau.

[REDACTED] had been the General Counsel for the Macau properties, but was also gone before her arrival in Macau.

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[REDACTED] she was not familiar with this name.

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b7C

[REDACTED] was the [REDACTED] at the VENETIAN in Las Vegas, and [REDACTED] worked for her for about three months in 2007. Her contact with [REDACTED] consisted mostly of daily revenue reports that she, [REDACTED] was required to give [REDACTED] said that at some point [REDACTED] transferred to the VM in a finance related position. [REDACTED] returned to the United States and took a job at the THUNDER VALLEY CASINO, which used to be managed by the STATIONS CASINOS.

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Regarding the COTAI JET FERRY SERVICE, [REDACTED] said that it had offices at VM. She could provide no further information, except to comment that there were faster ferry services in the area.

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In June 2011, she attended an anti-money laundering conference in Beijing which was put on by the CERTIFIED ANTI-MONEY LAUNDERING ASSOCIATION. She noted that she met two FBI agents from the FBI's Hong Kong office at the conference.

[REDACTED] thought it was odd that the corporation built an apartment complex which was attached to the 4 SEASONS and PLAZA, but had no occupants. She was never in any of the apartments, but said that they were furnished, and that some had leather on the walls which required constant attention to maintain in the climate in Macau. She believed that there was some sort of problem with the Macau government which prevented that sale of the apartments. She thought the structure had been completed in 2009, and that in twenty years the parcel on which the complex stood would revert to government ownership.

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205-LV-42684

Continuation of FD-302 of [REDACTED], On 1/17/2012, Page 4

b6
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[REDACTED] never heard of any government officials being bribed during her tenure in Macau. She recalled reading something in the newspaper in Macau which may have related to FCPA matters, but thought that it may have had something to do with [REDACTED] lawsuit against SHELDON ADELSON and the LVSC.

According to [REDACTED] all wire transfers from Macau, destined for the United States went through Hong Kong. Funds from customers who established accounts at their properties could be wired from one SANDS property, anywhere in the world, to another SANDS property, only to enable the customer to gamble or to pay debts owed the casino. This wire system was available only for the casino or customer business.

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[REDACTED] had no recollections regarding the ADELSON CENTER in Beijing, but said that there was an ADELSON CENTER in Macau. She thought it possible that the center in Macau may have been under the administration of the Macanese government. Training for VM employees was offered at the center, as were college courses. [REDACTED] took a Cantonese language course at the center.

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[REDACTED] decided to return to the United States in September 2011 for two reasons; the tug of war for reporting between the United States and Macau was getting to be too much, and she wanted to be with her daughters again.

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[REDACTED] provided the following personal information:

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b7C

Name:
DOB:
POB:
Address:

Telephone:

[REDACTED]

Automated Serial Permanent Charge-Out
FD-5a (1-5 94)

Date: 07/16/12 Time: 16:31

Case ID: 205-LV-42684 Serial: 119

Description of Document:

Type : INSERT
Date : 03/09/12
To : LAS VEGAS
From :
Topic:

b6
b7c

Reason for Permanent Charge-Out:
Incorrect CHS reporting

RDU APPROVED A PCO ON 07/16/2012, FOR SERIAL 119 AS REQUESTED BY
SA SINCE DOCUMENT REVEALED A PERSON'S TRUE NAME.

Employee:

205-LV-42684-119

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 06/12/2012

To: International Operations
Hong Kong

Attn: Asia Unit
Attn: Legat [REDACTED]

b6
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b7E

From: Las Vegas ✓
Squad 13
Contact: [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 205-LV-42684 (Pending)

Title: LAS VEGAS SANDS CORPORATION;
FCPA

Synopsis: Request permission for Las Vegas to make direct contact with [REDACTED] in Macau.

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Details: Allegations have been made of bribes being paid by, or on behalf of Las Vegas Sands Corporation regarding concession(s) applied for and/or received for properties in Macau, to government officials of the Peoples Republic of China (PRC) and/or Macau.

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[REDACTED] former General Counsel at Venetian Macau, Limited, has made it known through intermediaries, of his willingness to speak with investigators in the United States. Las Vegas has been informed of [REDACTED] further willingness to receive a direct call from Las Vegas Division to arrange a possible meeting with the FBI, Department of Justice, and Securities and Exchange Commission in the United States.

It should be noted that Las Vegas Division has had no direct contact with [REDACTED] at this point.

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[REDACTED] is a partner at MdME Lawyers in Macau.

Las Vegas is seeking permission/concurrence to make direct contact with [REDACTED] to arrange this meeting.

UNCLASSIFIED

39319.12 [REDACTED]

205-LV-42684-120

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To: International Operations From: Las Vegas
Re: 205-LV-42684, 06/12/2012

LEAD(s) :

Set Lead 1: (Action)

HONG KONG

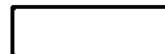
AT MACAU

Las Vegas requests clearance/permission to make direct contact, via telephone, with [REDACTED] to arrange a meeting with FBI and prosecutors in the United States.

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♦♦

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205-LV-42684-184



020713-64

LAS VEGAS REVIEW-JOURNAL

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Resale market for fight

Posted date May 3, 2015 - 12:22am Updated May 3, 2015 - 7:19am

Courtroom isn't Sheldon Adelson's comfort zone



John L. Smith

writes on topics from human interest to politics. His column appears Sunday, Tuesday, Wednesday and Friday in Nevada News. Visit the [columnists](#) to discuss local news.

By JOHN L. SMITH
 LAS VEGAS REVIEW-JOURNAL

Just days after holding court at his personal presidential primary, Sheldon Adelson last week found himself in court answering sensitive questions about his lucrative Macau casino empire.

The Republican Party mega-donor has ridden record-breaking success in Macau to become one of the world's wealthiest men. He's also watching the foundations of the astronomically lucrative Asian gaming market fracture under the weight of an ongoing anti-corruption campaign by the Chinese government that has slowed the flow of gamblers to Macau to a trickle and sent casino profits tumbling in the process.

Instead of basking in his wealth or the warm glow of adulation from Republican presidential hopefuls, Adelson on Tuesday was escorted by his security team into District Judge Elizabeth Gonzales' courtroom. He underwent a patient, incisive and costly examination by attorney James Pisanelli, co-counsel for former Sands China Ltd. President Steve Jacobs, in a draining hearing to establish jurisdiction in a wrongful termination lawsuit whose troubling issues have reverberated from Las Vegas to China.

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- John L. Smith** @nevadasmith 1 May
ICYMI, my Friday column "Resale market for fight tickets heading down" can be found via [this link](#) or [this link](#).
Show Summary
- John L. Smith** @nevadasmith 1 May
With press waiting for weigh-in this morning at MGM would have been a good time to promote an up-and-coming fighter. Or a starlet. <#>

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Dodgers get hot in SoCal


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Nevada commission questions Patacao's injury claim

Mayweather goes 49-0, beats Patacao in megafight — PHOTOS

416 shut down near Ballston, expect major delays to LA

1 person shot in front of Flamingo after megafight

Time running out for Riviera's bright lights — PHOTOS

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Matt Youmans

By
Follow on
More by John L. Smith

While Macau casino stocks continue their precipitous swan dive — Wynn Resorts, for instance, lost \$2 billion in value in a single trading day this past week — Adelson was stuck on a witness stand that might as well have been a dentist's chair with Dr. Pisanelli at the drill. The casino mogul, gifted in so many ways, attempted to distance himself from having day-to-day influence over his Macau operations, but in the end made Pisanelli's job pretty easy.

In fairness, it was a little like playing tennis without a net. Adelson's attorneys, short-leashed by Judge Gonzalez for their ethical lapses, could only sit and listen to their objections be overruled as Pisanelli allowed Adelson to talk his way into trouble.

Pisanelli's simplest inquiries managed to elicit lengthy responses. Adelson's own lawyers failed to slow him up.

"He doesn't have a question pending," Sands China lawyer Randall Jones said to the pugnacious but loquacious witness.

Adelson squirmed when a February 2010 email from his then-No. 2 man, Michael Leven, was read extolling Jacobs' virtues: "The Titanic hit the iceberg. He arrived and not only saved the passengers, he saved the ship."

Jacobs was fired months later, he alleges, after he refused to participate in improper corporate practices. Adelson called him "delusional" and at one point called Jacobs a "squealer," a word not often heard outside George Raft gangster flicks, for reporting alleged wrongdoing to the Securities and Exchange Commission and U.S. Department of Justice.

"He was one of the least competent and potentially destructive executives I had in over 50 companies in my 69-year business career," Adelson said.

Perhaps. But Leven sang Jacobs' praises, and at one point the SCL executive compensation committee wanted to lavish 2.5 million stock options on him.

"I did not give Mr. Leven authority to issue 2.5 million shares," Adelson said. "I have no such recollection."

Leven, it must be noted, remained in Adelson's good graces after Jacobs departed the company and sued for wrongful termination.

Adelson also predicted the imminent ouster of current SCL independent non-executive director David Muir Turnbull, another of Jacobs' fans. "Turnbull is not going to be on our board very long," Adelson said.

Will the applicable corporate governance regulators be intrigued by that tidbit of SCL news?

Although its casinos set records in Macau, and it's incorporated in the Cayman Islands, it became more obvious this past week in a Las Vegas courtroom that Sands China Ltd.'s true headquarters are wherever Sheldon Adelson lays his head.

From moving a restaurant inside the distant casino to negotiating with gaming regulators 8,000 miles from Southern Nevada, Adelson appears to keep a keen eye on the action from day to day.

During his testimony, Adelson repeatedly said that Jacobs' incompetence would be revealed when the merits of the case were argued.

"When we get into the real merits of the case, all these things will come out," Adelson said.

That time appears to be getting closer, and it's starting to look like Las Vegas might be the place.

John L. Smith's column appears Sunday, Tuesday, Wednesday, Friday and Saturday. Email him at Smith@reviewjournal.com or call 702-383-0295. Find him on Twitter: @nevadasmith.

Resale market for light

From the Web



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Ron Kantowski

For Routes, Titans' job was well
worth the wait during NFL draft

More by John L. Smith

CALENDAR

MON	TUE	WED	THU	FRI	SAT	SUN	A



FRANKIE'S DRUGS LAS
VEGAS

The Line

Monday, May 4, 9:30 pm



THE ROCK

Hard Rock Hotel

Wednesday, May 6, 8:00 pm



UNLV

UNLV

Thursday, May 7, 7:00 pm



Encore

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Friday, May 8, 11:00 am

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Nevada commission questions Pacquiao's injury
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"[Steve] Jacobs alleges he was fired after he refused to participate in improper corporate practices. Adelson called him 'deusional' and at one point called Jacobs a 'squealer' for reporting alleged wrongdoing to the Securities and Exchange Commission and U.S. Department of Justice."

Note to all Republican presidential hopefuls currently kissing up to Adelson:

Zionist Sheldon does not tolerate "squealers."



Get Rich Playing Keno!

Have a good, long look at the photo that accompanies this article.

This is the Zionist visionary who scored it big in casinos and wants buy the presidency for any candidate who will help get us into another war (with Iran). This is the boy who wants to decide the fate of the free world and the Middle East.

Now look at Adelson's long history of legal problems. What could possibly go wrong with his agenda?

G6770

Another war with Iran? Your obama is doing that nicely by insuring Iran gets nukes.



Get Rich Playing Keno!

"Your obama [sic] . . . is insuring [sic] Iran gets nukes."

-- G6770

The comprehensive agreement on the Iranian nuclear programme (Persian: مذاکرات هسته‌ای ایران, Mozâkere haste'i Irân, "Iran nuclear talks") is a topic of the final phase of the negotiations among Iran and the P5+1 —United States, Russia, China, France, United Kingdom and Germany — plus the European Union regarding Iran's nuclear program. The term "P5+1" refers to the five permanent members of the United Nations Security Council, China, France, Russia, the United Kingdom, and the United States, plus Germany."

The whole world can't be as savvy as your Adelson and right-wing media psychotalkers.

G6770

Since when does Russia or China do anything in the best interest of USA?



Get Rich Playing Keno!

Right wing media psychotalkers and their dupes consistently maintain they're off on the right foot and in-step, while the rest of the world is out-of-step.

Newsmax

- Donald Trump: Republican Presidential Candidate
- Fox News Channel: Top 10 Most Watched Shows
- Breitbart News: Top 10 Most Watched Shows
- Newsmax: Top 10 Most Watched Shows
- The Wall Street Journal: Top 10 Most Watched Shows
- The New York Times: Top 10 Most Watched Shows
- The Washington Post: Top 10 Most Watched Shows
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